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ABSTRACT

In this case study, the effect of the Detroit fiscal crisis on the city's public school system is analyzed in terms of the history of the fiscal crisis, the reasons for the crisis, and State, teacher, public and city reaction to the situation. The changing demography of Detroit and the events leading up to the financial crisis are described. Such factors in school budgeting as inflation, increases in staff salaries, militancy of teacher unions, expansion of social services, and a high rate of disadvantaged youth requiring special programs along with an eroding tax base are considered. Problems of inequitability of taxation are discussed in light of the social burdens placed upon aging cities. It is concluded that the major barrier confronting the Detroit school system's quest to accumulate revenues to meet rising expenditure demands has been tax resistance by local residents and the tax revolt which has been a product of the rapidly mounting tax burden experienced by Detroit residents. Also the seeming lack of effectiveness and efficiency of school district programs has been a problem. The future of the fiscal crisis is examined and suggestions are made for finance reform in Michigan. Current State financing methods for education are reviewed. The role of the capitalist system in creating fiscal crises is stressed. Charts and tables illustrate the city's fiscal situation. (WI)

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THE FISCAL CRISIS OF THE STATE: A CASE STUDY OF EDUCATION IN DETROIT*

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EDUCATION IN DETROIT: A CASE STUDY OF FISCAL CRISIS*

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The Fiscal Crisis of the State:
A Case Study of Education in Detroit

"...when poor men conquer power over the poor State
this is but a meeting of the dispossessed."[1]

1. Introduction.

In November, 1972, the Detroit public school system found itself $80 million in debt. The Detroit Board of Education sent a plea to the Michigan Legislature: if more money was not soon forthcoming, the school's doors would have to be closed.

Two sequences of events immediately precipitated the fiscal crisis facing the school district. First, Michigan law requires that school systems maintain a balanced budget. For several years Detroit had continued to operate by borrowing enough money against it's next year's budget to make it through the year. The school board balanced it's books by counting anticipated loans as revenue. In September, 1971, Michigan's Attorney General ruled that a school system could not legally borrow against it's next year's expected proceeds.[2] Detroit's habitual method of fiscal survival was foreclosed.

Second, twice in 1972, Detroit voters turned down proposals that would have renewed an expiring five-mill school property tax and added a new five-mill tax to remove the school system's accumulated debt. The millage request was put to the voters once again. This time around there was no request for added millage. But Detroit residents rejected even the final five mill renewal. The millage renewal defeat took away $28.8 million required to merely maintain the system at the level of the year before. The

Detroit school system found itself deeply in debt and without anticipated sources of new revenue. In short, the nation's fourth largest school system, responsible for instructing one in seven students in the state and seventy percent of Michigan's bl[illegible] pupils, was bankrupt.

The intensifying fiscal crisis of Detroit education has been punishing to pupil and employee alike. During the thirty months prior to November, 1972, school expenditures were cut $44 million leaving deep welts on the educational system. In 1971-72, fifty-one administrative posts were left vacant and the teaching staff was reduced by 468 employees. In 1972-73, Detroit teachers went without salary increases or cost of living adjustments. Schools are no longer assured of having a substitute to replace a teacher who is ill. Funds are not available to provide students with their own text books. Each classroom is provided with a set of books shared by all students who use the room. So pupils are without books to take home to study. Maintenance has been cut back to the point that some broken windows are merely boarded up. Unattended school grounds become infested with weeds and debris.[3]

Innovative programs have been sharply curtailed or abolished completely. The school system's Communication Skills Center, singled out by the U.S. Office of Education as one of the most significant programs for students in poverty areas, was reduced from serving 2800 to 200 students. The four school Neighborhood Education Center on the city's lower East Side, launched in 1968 to attempt to raise pupil achievement scores in the inner city through the investment of resources at a level comparable to that of wealthy

suburbs, was discontinued as a result of the school system's inability to justify matching funds.[4]

In September, 1973, in the midst of the trauma produced by fiscal crisis and the deteriorating quality of educational services, the increasingly bitter feud between the Detroit school administration and the Detroit Federation of Teachers erupted in a 43 day teacher strike--the longest and most acrimonious teacher strike in Detroit's history. Put to arbitration, the struggle between teachers and administration lies just below the surface as the most basic issues dividing them remain unresolved.

The fiscal crisis, the deteriorating quality of educational services, and the intensifying struggle between teachers and administration is taking place within a school system whose average student achievement scores places it in the bottom one percent of all school districts in Michigan. The drop-out rate of Detroit students, 13.7 percent (almost 40,000 pupils) in 1970-71, was the fourth highest among school districts in the state.[5]

In sum, the Detroit public school system has been in the throes of a fiscal and social crisis for several years. But Detroit schools are not unique in this respect. A fiscal and social crisis permeates, to a greater or lesser extent, our nation's oldest and largest urban municipalities and school districts. When the Detroit Board of Education turned to the state legislature for relief in 1972-73, some 200 school districts in Michigan, more than a third of all districts in the state, were facing deficits.[6] More significantly, the Detroit school system's sister government, the municipality of Detroit, was also experiencing a mounting budget

deficit projected to reach $109 million by 1978.[7] And confronting the city and school district officials was the painful realization that if Detroit's credit rating was downgraded one more notch by leading bond agencies, like Moody's Investor's Service or Standard and Poor's, Detroit would become the first major city in the nation unable to market it's bonds with commercial banks (who purchase 75 percent of all municipal bond issues).[8]

What factors are responsible for the calamity befalling the Detroit educational system? What does the fiscal and social crisis in Detroit imply about the nature of the relationship between State and Economy in the United States? These are the questions to be explored in this study.

2. The Argument in Brief.

It is my thesis that the nature of the process of economic growth under capitalism conjoined with certain features of the structure of government in the United States have produced the fiscal crisis now facing large central city school systems like Detroit. The significance of the fiscal crisis of education in Detroit reaches beyond this school district. In the final analysis, the social dilemmas facing public education in Detroit are but significant instances of an intensifying fiscal crisis of the U.S. Capitalist State.

Capitalism

Capitalism is an economic system in which all or most of the means of producing and distributing goods and services to satisfy human needs are privately owned and are operated for profit. The

driving force of a capitalist economy is the accumulation of capital and the expansion of economic activity in the quest of private gain. In modern societies, characterized by elaborate and increasingly expensive technical and productive processes organized through an extensive division of labor, a system of individual ownership of the means of production means the concentration of ownership in relatively few hands. A small segment of the population owns most of the means of production. The vast majority own little but their labor power. The majority are obliged to work for the minority.

Concentration of wealth among owners, and the compulsion imposed on nonowners to work for owners, is the basis for the conflict between capital and labor in capitalist societies. This is not to deny, however, that some strata of the wage-earning class are more privileged than others owing to greater bargaining power, an advantaged location in a profitable industry, or scarcity of their particular type of skill. Neither is it to deny that there are small capitalists as well as large, and that conflicts of interest between them frequently occur. Nor is it to ignore that some groups, like family farmers, are difficult to classify within this scheme. Indeed, distinctions such as these are necessary to understand patterns of class relations in advanced capitalist societies.[9]

Capitalism is an unplanned system. Individual capitalists or firms are free, within limits, to produce what they like and to invest where and how they desire. Capitalist economies are co-ordinated through price-movements on the market. But to say

that a capitalist system is predominantly one of individual ownership and private enterprise, and tends to be coordinated by price-decisions on the market, is not to say that ownership rights are entirely unrestrained. In varying degrees the decisions of private entrepreneurs and firms are bounded by legislation, by the dictates of fiscal policy; in short, they are subjected to varying degrees of State control. Considerable differences in the actual structure and functioning of capitalism may be found in different countries and at different periods of a country's own development.[10]

The State

Briefly, we may define the State as a territorial association in law founded upon an alliance among people for the purposes of defense and to meet common fiscal needs.[11] The rise and development of the State reflects the division among classes in a society. Protection of a society from external threat, the consolidation of power by dominant classes, and the enrichment of some classes at the expense of others have been enduring features of the organization of the State in society. Fiscal exploitation stands among the oldest forms of exploitation and tax pressures have been one of the most powerful inducements to struggles among social groups.

Rudolf Goldshied has suggested that a principal aim of the sociology of the State is to "show how social conditions determine public needs and the manner of their satisfaction...and how ultimately the pattern and evolution of society determine the shaping of the interrelations between public expenditure and public revenue."[12] In other words, the analysis of the structural mechanisms of mutual

interdependence between expenditures and revenues is crucial to the understanding of the origins and development of the State and the relationships between State, economy and society.

But the analysis of the State cannot be treated apart from the type of society through which the State is formed and the stage of development of the productive base upon which the State is organized. This is most clearly revealed, for example, in the history of the fiscal power of the State in Western Europe and North America. Throughout most of it's history, Goldsheid has suggested, it was deemed natural for the State to be prosperous. For example, in antiquity, often still in the Middle Ages, and also during the initial period of mercantilism, it was the rule for the State to own large possessions, although it's wealth tended to be indistinguishable from the personal property of prince, nobility or Church.[13]

In the era of competitive capitalism and constitutional government, State and property became separated. In the United States, as constitutional government became established and developed and as private enterprise extended it's power in society, capitalist entrepreneurs were concerned to prevent the State from competing with them in the economic realm. James O'Connor has suggested that this tendency flows out of the structure of a competitive capitalist economy. A small-scale, more or less fully employed competitive economy lacking an advanced productive base, generates a relatively small taxable surplus. Under these circumstances, the private sector was necessarily deprived of those economic resources utilized by the State. Increases in State expenditures had to be financed

by a rise in tax levies or by inflation. Both tended to bring forth widespread resistance. During this period, the scope of the State bureaucracy was relatively limited while the role of Congress, the arena for wheeling and dealing by special interest groups, was comparatively large. For all these reasons, there was little leeway for independent action by the State.[14] This is not to say that the State did not intervene in the economy to facilitate capital accumulation through strategic public investments in infrastructure and through favorable legislation. Rather, the competitive Capitalist State, in comparison with past and present forms, was a relatively poor and passive State.

With the rise of U.S. monopoly capitalism, the State takes on an active, rapidly expanding, and increasingly central role in the economy and society. Since the late 19th century, the U.S. economy has been characterized by the rapidly increasing concentration of industrial assets. Highly concentrated industries tend to combine a dynamic technology with the use of increasingly more sophisticated and capital intensive methods of production. The greater profitability of the giant corporations provides them with the means to grow more rapidly than the smaller and more competitive sectors of the economy. Control over massive financial resources provides them with the means to forge a continuous series of mergers escalating the concentration of economic power.[15]

Thus, the dynamics of the contemporary U.S. economy reflect a pattern of uneven economic development characterized by the bifurcation of the economy into concentrated, technologically advanced, capital-intensive, high-wage "primary" industries on the

one hand, and competitive, technically less sophisticated, labor intensive, low-wage, "secondary" industries on the other. Those who control capital resources in the economy tend over time to reinvest in product lines, machinery, geographical areas and workers which promise the highest monetary return. Conversely, investment tends to decline in segments of the economy where potential expected profit is relatively low.[16] As Baran and Sweezy have documented for the United States, the outcome is capital accumulation to the point of unutilized capacity in the monopoly sector coupled with relative stagnation, impoverishment, underemployment and unemployment in other areas of the economy.[17]

The growth of economic concentration and uneven economic development shapes the character of the modern State. James O'Connor has suggested that the modern Capitalist State experiences two basic and frequently contradictory requirements: pressures for accumulation and for legitimation.[18] If the State does not protect capital accumulation it risks the diminution of it's own basis of power--tax revenues from the economic surplus. Through "social capital" expenditures the State attempts to maintain or create the conditions in which profitable capital accumulation is possible. And State social capital expenditures have become ever more integral to the process of monopoly capitalist accumulation. For one thing, increasing rates of technological advance foster more rapid obsolescence of capital equipment raising financial risks due to the growth of uncontrollable overhead costs, magnifying the size of investment projects and lengthening the lead time before private investment is in full operation and able to "pay for itself".

For these reasons private industry has looked to the State for complementary and discretionary physical investment. At the same time, increasing occupational and industrial specialization, and the rising importance of technical and administrative knowlege and complementary personality and behavioral traits, have markedly increased the costs of job training and this function has been absorbed by the State.[19] In sum, the socialization of costs of accumulating capital rises over time and is increasingly a requisite for the profitability of the monopoly sector of the economy.

But the State must also attempt to ensure the conditions making for social cohesion and stability. If the State wields it's powers exclusively to help one class accumulate capital at the expense of other classes it will find itself threatened with a loss of legitimacy and mounting political instability. "Social expenses", like welfare outlays, are expenditures directed at maintaining social harmony, and have also escalated with the rise of monopoly capital.[20] Today, the U.S. Capitalist State faces pressures to respond to increasing unemployment and to counteract the structural tendency toward a widening gap betwen rich and poor. Stability in the distribution of income and wealth has been achieved through rapid increases in government welfare and manpower programs. Yet these rising expenditures on training and subsidy have been sufficient only to offset what appears to be an endemic tendency of advanced capitalism toward underemployment, unemployment and a more unequal distribution of income and wealth.[21]

The similtaneous and contradictory pressures for social capital and social expense outlays are the State budgetary expressions of

class antagonisms born of economic concentration and uneven economic development under advanced monopoly capitalism.

Structure of the U.S. State

Thus far we have referred to the State as if it were a unitary body. But the U.S. Constitution divides governing responsibility among federal, state and local governments and between relatively autonomous units within levels of government. For example, over the past several decades thousands of municipalities, school districts and other types of single and multi-purpose units of local government have proliferated within metropolitan areas. Most of these units of local government have a relatively marked degree of fiscal autonomy. The constitutional structure of the U.S. State helps determine the intensity, as well as, the particular forms taken by the fiscal crisis in this society.

The absolute level of State expenditures, trends in State expenditures, and the distribution of State expenditures by function, vary among federal, state and local governments. In matters of international and military policy, power rests with the federal government, and within the federal government, increasingly with the executive branch. In domestic affairs, however, the situation is different and more complicated. Here state and local governments tend to carry the major responsibility for providing domestic services that bear most directly on the everyday life of most people: schools, police and fire protection, health care, welfare, streets and so on.

The heaviest demands for new spending are currently being made on state and local governments. State expenditures at all levels

of government increased 340 percent between 1950 and 1969, while federal expenditures increased 321 percent, state expenditures increased 345 percent and local expenditures increased 382 percent.[23] The federal share of total government expenditure decreased during the 'sixties from two-thirds to slightly over one-half. During the same period state and local revenues increased from 8 percent of GNP to 10.5 percent.[24]

Methods of obtaining tax revenue also vary by level of government. The federal government takes in about two-thirds of all tax dollars and retains a virtual monopoly over the more "progressive" tax sources: individual and corporate income taxes and wealth and inheritance taxes. State and local governments, on the other hand, gain the major share of their revenues from the most regressive taxes. Sales taxes are the major source of revenue for states. Property taxes are practically the sole local source of revenue for local governments.[25]

Tax receipts of state and local governments are less sensitive to economic growth than the major federal sources of revenue. While tax revenues at all levels of government increased by 97 percent between 1960 and 1969; revenues from the individual income tax increased by 123 percent; revenues from corporate taxes by 76 percent; revenues from sales, gross receipts and custom taxes by 81 percent and revenues from property taxes by 87 percent.[26]

Uneven Development and the Structure of the State

Uneven economic development among industries and geographical areas interacts with the division of responsibility for governing

among federal, state and local governments and between units within levels of government to produce uneven fiscal develpment among government jurisdictions. State and local governments, and in particular, older central city and inner ring suburban municipalities and school districts, have been facing a mounting fiscal crisis as they become increasingly unable to generate the revenue to meet rapidly increasing expenditure demands.

The federal government takes in two out of every three tax dollars while the heaviest demands for new domestic social capital and social expense outlays--education, police and fire protection, pollution, water control, community economic development, housing--are being felt by state and local governments. Within the local government sector, high-wage industries and upper and middle income grpus concentrate in suburban areas while central and inner ring cities become the location of secondary industries and the surplus labor force. Aging central cities face increasing expenditure demands in the context of a regressive, relatively static, sometimes even declining, tax base. As the imbalance between expenditure demands and revenue sources increases, these central city governments have been sinking into debt at an ever faster pace,[27] and the quality of public services have been deteriorating.

Struggles Against the State

Uneven fiscal development separates government tax resources from areas requiring concentrated expenditures resulting in fiscal crisis and escalating social struggles against the State. Taxpayers rebel against repeated requests for tax increases. Local government clients vigorously point to urgent social needs that

remain unattended to and stridently criticize expenditure priorities. And an intensifying struggle emerges between city workers demanding wage increases and improved working conditions and city management facing obstacles to increasing revenues and pressures to cut costs.

But in the United States, the nature of the class structure and the manner in which the State is organized places enormous obstacles in the way of achieving an effective solution to the fiscal crisis afflicting central city governments. The ruling class in the United States is fragmented and divided between nationally based and oriented centers of corporate power and local and regionally based financial, real estate, commercial and industrial interests. The same interests do not hold power among all levles of government or among the relatively autonomous units within levels of government. The fragmentation of power among ruling groups frustrates the development of cohesive policies to unify and coordinate the fiscal system as a whole. On the other hand, insurgent groups, struggling against the State at the local level, are deeply divided amongst themselves and have been unable to develop a movement for change that rises above their own particularistic, and at present, antagonistic interests.

With this general outline of the argument behind us, we can now turn to the analysis of the fiscal crisis of education in Detroit.

3. The Dedevelopment of Detroit.

At the turn of the century, Detroit was a moderately large city specializing in the manufacture of a diverse range of products including stoves, carriages, paints, varnishes, medicines, and marine engines.[28] But with the rise of the automobile industry, the political economy of Detroit was radically altered. Between 1900 and 1920, Detroit's population grew from 280,000 to 994,000; by 1930 it had reached 1.5 million--an increase of 450 percent in three decades.[29] Detroit's rapidly growing population spurred an immense demand for new housing and municipal services. At that time, private capital was readily available. Thousands of homes and apartments were put up, often at large profits. The need for expanded services brought increased taxes but this posed no particular financial difficulty for a diverse and growing city populated by large numbers of middle class and wealthy residents.

With the onset of the Depression, seventy percent of the state's unemployment occurred in Detroit. In 1931, over 211,000 Detroit residents were on relief. Major Detroit employers, like the Ford Motor Company, laid off large numbers of workers but provided little money to assist the unemployed. And the City of Detroit was forced to meet most of the social expenses of a depression plagued population. But with World War II, production expanded, jobs multiplied and the city was "back on it's feet" once again. A second massive migration stream flowed into Detroit. This time large numbers of the newcomers were poor blacks and whites from the agrarian South lured by labor recruitment drives to staff Detroit's war heated industries.

By the end of World War II, Detroit had accumulated a surplus of municipal revenues. But fifteen years of depression and singular attention to the war effort had left the city with many unmet needs. Streets were in bad shape because paving programs had been postponed. There was a dire need for a rapid transit system. Soon after the war a massive housing shortage developed with an estimated 10 percent of the city's families living doubled-up or in makeshift quarters. Large slums had developed. Hospitals, parks, playgrounds and schools needed funds for expansion. War regulations had prohibited wage increases for city workers who were now demanding large pay raises. Within a year, the city had spent the money it had accumulated during the war. Detroit started the 1947 year $1 million in the red. By 1947 the debt had increased to $7 million. And the economic tide was turning against the City of Detroit.

During the post-war years there was no overall plan for controlled, economic and social growth in Detroit or in the surrounding metropolitan area. Patterns of economic expansion and urban growth were determined by the market activity of financial, commercial and industrial interests. Detroit began large urban renewal programs designed to attract middle-class and well-to-do residents. The poor were left to fend for themselves. Thousands of people were displaced from their homes. Large areas were lost from the city's tax base as renewal projects, once cleared, often lay undeveloped for years. Some projects eventually brought increases in the tax base while others brought in tax exempt institutions.

During the 'fifties the transformation of Southern agriculture pushed millions of agrarian workers off the land. Primarily black,

poor, unskilled, and unfamiliar with the urban scene, this third wave of migrants poured into the aging urban core of Detroit and other Northern industrial metropolises in search of work. But economic development was moving elsewhere.

By the early 'fifties, the massive emigration from Detroit had begun. The continued decentralization of the automobile industry turned part of the city into a blue collar dormitory for workers now commuting to suburban plants.[30] Automobile sales boomed after the war freeing families and businesses to spread outward to green spaces in the city's periphery. Suburban expansion was greatly spurred by Detroit's construction of a huge freeway network. City officials argued that freeways would bring commercial and industrial growth to Detroit. But in fact, in combination with FHA practices of insuring loans for suburban homes while often redlining areas in Detroit, the freeway system stimulated business and middle class emigration from Detroit. Between 1953 and 1971, the city's population declined from 1.9 million to 1.49 million--a loss of more than 350,000 people, the vast majority of them white.

During the 'sixties massive amounts of capital flowed out of Detroit to other sections of the metropolitan area. Economic growth came not to Detroit but in suburban financial and commercial centers like Southfield and Troy. Between 1965 and 1971, the value of residential property increased 36 percent in Detroit compared to 69 percent in the metropolitan area as a whole, 169 percent in Southfield, and 264 percent in Troy. During this period commercial property values increased 10 percent in Detroit, 52 percent in the metropolitan area as a whole, 231 percent in Southfield and

795 percent in Troy. And industrial-utility property increased 6 percent in Detroit, 39 percent in the metropolitan area as a whole, 118 percent in Southfield and 265 percent in Troy.[31] Between 1960 and 1970 Detroit experienced an 8 percent drop in total employment while employment grew by 41 percent in the suburban ring.[32]

In 1961 Detroit contributed 22.3 percent of state sales tax collections; by 1971 this figure had fallen to 15.8 percent. During that period, sales tax collections increased 28.6 percent in Detroit (less than the rate of inflation during that period) compared to 80.4 percent in the Detroit metropolitan area and 81.8 percent across the state. In 1971 the Greater Detroit Chamber of Commerce estimated that of 1.1 billion in total construction occuring in the Detroit metropolitan area, only $179 million (16 percent) would take place in Detroit.[33] Finally, between 1961-71, total state equalized property valuation in Detroit actually fell by almost $200 million. In essence this means that the amount of new construction and new property investment in Detroit was so low during the 'sixties that it failed to offset the deterioration in property tax values and the loss of tax base afflicting the city.[34]

There have been sustained efforts by some Detroit area businessmen to turn around the flow of capital and stimulate reinvestment in Detroit. However, much of the proposed reinvestment and construction is in tax exempt facilities that will be available for use by suburban residents but not productive of fiscal revenues for Detroit. For example, in 1971, Detroit Renaissance--an elite business led group devoted to stimulating reinvestment in Detroit--listed a number of downtown investment projects amounting to a

total estimated value of $927.5 million. Approximately one-third of this new investment, however, would yield no fiscal revenue to the city.[35] The yield in jobs to the city will probably be even less if the experience of cities like San Francisco are a basis for prediction. San Francisco has had a large amount of downtown construction during the past decade. Yet a recent study there revealed that only one percent of the jobs created in the newly constructed buildings were held by residents of the city, the rest were occupied by individuals residing in the surrounding suburbs.[36]

Thus the process of uneven economic development has produced two Detroits. One Detroit--the standard metropolitan statistical area (smsa)--includes Wayne, Oakland and Macomb counties. This Detroit has a generally dynamic economy, stimulated by high aggregate levels of capital investment. It contains about 47 percent of Michigan's population. The majority of the population in this Detroit is white,.lives in one-family houses located in suburban areas and earns a per capita income above the state's average.

But within this metropolitan area lies the City of Detroit--an internal colony of unemployment, underemployment, poverty and near poverty. This area contained 17 percent of the state's population in 1970, but was the place of residence for 67 percent of Michigan's black residents. From 1960 to 1970, the black proportion of the population of Detroit increased from 29 percent to 44 percent, and if projections are correct will rise to 73 percent by 1980. In the period just preceding the fiscal calamity of the Detroit school system, the total unemployment rate in the City of Detroit almost doubled, rising from 5.5 percent in 1969 to

10.0 percent in 1971. Unemployment among whites increased from 3.9 percent to 7.5 percent. Black unemployment grew from 8.5 percent to 14.2 percent.[38] "Disguised unemployment" was probably much higher. A survey of the central core of Detroit in 1969 revealed that one person in four was unemployed but not counted as being in the labor force. The comparable figure for the U.S. as a whole was one in ten.[39] In 1970, 34 percent of the families in poverty in Michigan, and 83 percent of the families in poverty in the Detroit metropolitan area, resided in the city of Detroit.

In sum, in Detroit as in other large, aging metropolitan areas in the United States, uneven economic development creates a familiar process: capital flows into suburban peripheries, the surplus labor force concentrates in the inner cities.

4. The Fiscal Crisis in Detroit Education.

The severe financial problems facing the Detroit school system in November of 1972 had been building up over a period of years. The school district's deficit rose continuously from $6.7 million at the end of the fiscal year of 1968 to $20.3 million in 1971 to a total of $80.0 million in November, 1972 (c.f. Table 1). A school system has two alternatives in the face of a rising imbalance between expenditures and revenues: it can attempt to decrease costs or it can try to increase revenues. The Detroit school system has attempted to do both. But the spiraling budget deficit attested to the school system's inability to successfully implement either course of action. To understand the nature of the fiscal crisis facing the Detroit school system we must explore the structural factors responsible for rapidly rising educational outlays as

well as the barriers to raising adequate revenues to cover rising expenditure demands.

4a. Rising Expenditures.

Between 1963-64 and 1972-73, the total operating expenditures for the Detroit public schools more than doubled, rising from $124.1 million to $281.8 million--a growth rate of roughly 13 percent a year. In marked contrast to national trends, the rising expenditures in the Detroit school system have not been linked to expanding enrollments.[41] The total number of students in the Detroit school district actually decreased by 4 percent between 1963-64 and 1972-73. As a consequence, per pupil expenditures increased at a slightly faster rate (14 percent) than total expenditures--from $421.16 to $1,000.60 during this period (C.f. Table 2).

The rapid rise in per pupil expenditures is the result of a number of interrelated factors rooted in the political economy of central city education during the past decade. In Detroit rapid increases in educational outlays stemmed from: (1) increases in the amount spent for school district personnel; (2) the impact of inflation on the costs of goods and services purchased by the school system; (3) the rapidly increasing social expenses placed on a central city school system called upon to serve an increasing share of the state's surplus labor force and working poor.

Education is a labor intensive enterprise. By far the largest proportion of Detroit school expenditures goes for personnel services and the importance of this category has been increasing over time. In 1970-71, 86 percent of current operating expenditures went for salaries and fringe benefits--an increase of 4 percent

over 1966-67. Expansion in total school district employment by about 2000 workers contributed to increased personnel costs during this period. But the largest share of this employment increase (87 percent) occurred in "special projects" funded by federal and state aid. The number of day school teachers employed by the district for regular purposes actually declined by 175 between 1966-67 and 1970-71. Expansion in nonspecial purpose, local district employment took place primarily in the categories of administration (central and regional administration and clerical staff) and social control (e.g. attendance agents, security officers).[42]

The primary determinant of the rise in educational expenditures in the Detroit school district over the past few years has been rising employee salaries and benefits. Eighty-nine percent of the rise in educational outlays between 1966-67 and 1970-71 was attributable to increasing expenditures on salaries and fringe benefits. Salary increases among counsellors, assistant principals, principals, regional and central administration ranged from 53 to 64 percent. Teacher salary increases ranged from 42 percent (for BAs) to 53 percent (for PHds). Wage increases for noneducational employees ranged from 20 to 43 percent. While administrative and supervisory costs escalated most rapidly during this period, they made up a relatively small part of total operating costs for the school district. Rising salaries and benefits for instructional employees contributed most to rising operating expenditures.[43]

Increased costs for instructional employees are a direct result of advances in teacher bargaining power over the past decade. The advances in bargaining power of instructional employees during

the 'sixties is attributable to market factors and the rising union strength and militancy among Detroit teachers. Between the mid-fifties and the late 'sixties, the nation experienced a rapid rise in the demand for teachers. The expanding demand for teachers was produced by the post World-War II "baby boom" and by the rising fraction of the population staying in school as educational credentials increasingly became a prerequisite to a living wage. While the supply of teachers also increased during this period, it did not keep up with expanding demand. As a result, increases in public school employee wages--in suburbs and central cities alike--outstripped those of private sector workers during this period.[44]

Increased union strength and militancy among teachers is a second important determinant of the rapid increase in salaries and fringe benefits among public school employees. During the 'sixties collective bargaining and negotiated wage agreements became the rule rather than the exception in many parts of the country and teacher strikes to achieve demands increased rapidly. Between 1959 and 1965 work stoppages among public school teachers in the United States averaged 3.3 per year. Between 1966 and 1971, the average number of work stoppages per year escalated to 110.6 (c.f. Table 3). Michigan reflected national trends as the number of strikes by public school employees rose from 16 in 1966 to 34 in 1970.[45] Thus, the eruption of the 43 day teacher strike in Detroit in September, 1973, is part of a general pattern of increasing teacher militancy in the United States.

The rising militancy among teachers has been stimulated by another factor linked to the growth in educational costs: the

general inflation experienced by the U.S. economy during the past two decades. Between 1958-59 and 1971-72, inflation pushed up the costs of text-books, teaching aids, and other supplies needed to operate and maintain educational institutions by about one-third. Inflation sent construction costs for new schools soaring by more than 65 percent. The interest costs on new bond issues by elementary and secondary school districts increased markedly as well.[46] Central city school systems like Detroit have been particularly hard hit by inflation. During the 1973-74 school year inflation alone added $24 million (nine percent) to the costs of simply maintaining the Detroit school system at it's current level of operation.[47]

In the past few years employee groups have more vigorously demanded improved working conditions and wage increases to advance their level of living and to protect against inflation. At the same time, local governments have been pressured by rising prices in goods and services purchased from the private sector, by cutbacks in federal assistance and by increased resistance to tax increases by local residents. The result has been a collision between rising employee demands and a tightening vise on State management's ability to fund such settlements.[48]

Moreover, education, like most State services, does not lend itself readily to innovations that increase productivity and thereby offset increased instructional costs and inflation. Expansion in the costs of administration--the fastest growing area of educational expense--results from the increasing complexity, and in Detroit, the decentralization of school district organization. But growth in the number of administrative personnel is also linked to continuing

efforts to increase educational productivity through more intensive supervision over the instructional process. In recent years, teacher-administration conflicts have been increasingly rooted in issues concerning control over the work process.[49]

Finally, school districts, like Detroit, face enormous additional costs as an increasingly large share of the state and nation's surplus labor force and working poor are located in the central cities of older, larger metropolitan areas. Children who require expensive special programs are concentrated in central city districts. It has been estimated, for example, that when infant mortality rates rise above 30 deaths per live births, as they do in ghetto areas, 20-25 percent of surviving children have neurological defects requiring special attention. The costs of simply maintaining order in central city school districts have been rising as well. As noted above, one of the fastest growing categories of expenditure in Detroit has been the rising costs of employees, like attendance agents and security officers, who exercise social control functions. In New York City, for example, vandalism cost the school system $3.7 million in 1971 while Newark spent an equivalent of $26 per pupil just to guard its school buildings. Unsurprisingly, recent estimates suggest that New York City would have to spend $1,334 per pupil to provide the same schooling that would cost the nearby wealthy suburban school district of Edgemont (Scarsdale) $1,000.[50]

In conclusion, increases in educational expenditures are an outgrowth of the dynamics of private capital accumulation and the changing social relations of production in State educational services. Technological change and increasing concentration of

of production in bureaucratic, corporate forms of organization have increased the demand for educated labor power but have also fostered the growth of a surplus labor force concentrated in central city areas and necessitating increased educational expenses in the interest of political stability and social cohesion. Inflation, changes in market conditions, and rising union strength and militancy among teachers have given rise to marked increases in instructional costs and an intensifying conflict between school employees and school management over issues of educational productivity (further increasing the cost of educational administration). Faced with rapidly rising costs, central city school systems have similtaneously encountered resilient barriers to raising offsetting revenues. The result has been a fiscal crisis in central city education.

4b. Constraints over Revenue Accumulation.

In the United States, the financial responsibility for the nation's public schools is shared by federal, state and local governments. In 1971-72, fifty-two percent of the general fund revenues for Detroit schools was raised by the Detroit school district, thirty-seven percent was raised by the state of Michigan, and the remaining eleven percent came from the federal government. This pattern has not changed over the past several years.[51] The Detroit school district, therefore, has the primary responsibility for generating increasing revenues to meet rising expenditure demands.

Over eighty-five percent of locally raised funds for the Detroit schools come from property taxes; the remainder from borrowing and from fees and charges imposed for specific services.[52]

Almost all of the state aid for education in Michigan comes from sales taxes.

The Tax Revolt

An intensifying taxpayer's revolt has been the principal barrier to accumulating sufficient local revenues to meet rising expenditure demands in public school systems in the United States. With increasing frequency, local voters have refused to approve school district requests for bond issues and property tax hikes. Nationally, more than 70 percent of all school bond issues were approved between 1958 and 1966, but more than half were turned down in 1971. Similarly, about half of all school system requests for school tax increases were rejected in 1970 (c.f. Table 4). In Detroit, the millage defeats, which precipitated the fiscal crisis in the school system in 1972, were a continuation of stiff voter resistance to increased taxes for education dating back to 1963. Between 1963 and 1972 voters turned down ten out of twelve Detroit school district requests for millage increases and bond issues (c.f. Table 5).

Intensifying popular resistance to local tax increases stem from a number of features of the contemporary U.S. political economy: (1) rapidly rising rates of taxation at all levels of government; (2) the nature of taxation by local governments; specifically, the nature of the property tax which is similtaneously highly inequitable, visible and subject to more popular control than most tax levies; (3) opposition to the uses to which local taxation is put reflecting antagonisms between classes, between racial groups, and between private and public sector workers; (4) a

general decline in legitimacy of some central city governments due to their inability to effectively respond to the social needs of many of their constituents.

Rising Taxes

Aggregate tax rates average about 28 percent in the United States and have been rising rapidly over the past few decades.[53] According to the Advisory Commission on Intergovernmental Relations, there were 531 instances of tax rate increases at the state level alone between 1959 and 1971.[54] And federal payroll taxes take an increasingly large share of personal income. In 1973, social insurance taxes rose to $63.7 billion or two-thirds of the amount collected under the individual income tax.[55] According to Gallop polls, the share of the adult population believing that taxes are "too high" rose from roughly fifty percent in the middle 'sixties to seventy percent in the early 'seventies.[56]

The Property Tax

Property taxes rose from $22.6 billion to roughly $45 billion between 1964 and 1972. Effective property tax rates--the tax liability relative to the market value of property--rose from 1.41 percent in 1955 to 1.80 percent in 1969 in the United States.[57] In Michigan property tax levies more than doubled between 1959 and 1969 and have increased more than five times since 1949.[58]

The structure and incidence of the property tax have been a focal point for the rising local resistance to increased tax levies for education. Residents of aging central cities, like Detroit, face particularly high levels of local taxation. Between 1950 and 1973, the total city, county and school property taxes paid by

Detroit residents rose from 39.2 to 65.4 mills (c.f. Table 6). In 1973, Detroit paid in local income, utility and property levies, and equivalent of 75 mills of property tax--one-third more than any other city in the state and three times the average city tax rate in Michigan.[59]

The concentration of the tax burden in aging central cities, like Detroit, stems from: (1) the inequitable structure of the property tax; and (2) uneven economic development linked to patterns of fiscal autonomy among local governments resulting in uneven fiscal development between core areas and suburban peripheries in the metropolis.

Inequity in the Property Tax

There is considerable agreement among public finance specialists that the property tax, as currently administered, is a regressive tax. While there is disagreement as to how regressive the current property tax is, conventional analysis views the current property tax as "a kind of excise tax borne by renters through higher rents; homeowners through direct billing; and consumers through higher prices on commodities and services produced with taxes on nonresidential property".[60] The sources of regressivity in the property tax can be divided into two categories: inequity inherent in the current structure of the property tax and regressivity stemming from economic and political arrangements that influence how the property tax is levied among industries, classes and local government jurisdictions.

The regressivity inherent in the current property tax resides in it's flat rate structure which applies the same percentage tax

rate to all categories of income and property. The property tax laws of most states require that all classes of property be assessed at the same percentage of current market value and full valuation still remains the most common valuation standard. Full value assessment and the uniformity requirement appeared in most state constitutions before the turn of the century. Strong pressure for this legislation came from business interests who feared that state legislative bodies might fall under the control of populist interests and develop progressive property tax systems designed to expropriate big business profits.[61]

Since housing is a necessity which accounts for a decreasing share of family budgets as income levels rise,[62] and since the property tax is levied at the same rate at all rent and ownership levels, property tax payments account for a decreasing share of family income as earnings grow. As a result the property tax imposes a particularly stiff burden on single family homeowners (who pay about 40 percent of all property tax revenues in Detroit), on small businesses and on poor people. Within the class of low-income households, families living on relatively small, fixed incomes (e.g. the elderly, the underemployed and working poor) suffer particularly severe hardships from the property tax. For example, recent estimates suggest that in 1970, families with less than $2,000 annual income paid roughly 17 percent of their incomes in property taxes while families with incomes of $25,000 or more paid less than 3 percent of their incomes in property taxes.(c.f. Table 7).

There are additional factors which aggravate the unequal distribution of the property tax levies among classes and local government jurisdictions. For one thing, state and federal income tax provisions permit families to deduct property taxes from their taxable incomes. Homeowners who itemize their deductions benefit from these provisions by shifting part of their property tax bill onto the state and federal governments through a reduction in their income tax liabilities. Since taxpayers who itemize deductions tend to have higher-than-average incomes, the impact is regressive.

Second, the way in which the property tax is administered has added to it's regressive impact on the working class and competitive capital. Favoritism, corruption and carelessness pervade the assessment process. Despite the full value assessment and uniformity requirements built into most state constitutions, the assessment system is actually characterized by fractional assessment with each local assessor selecting his or her own fractional standard and his or her own extra-legal system of classification under which certain preferred classes of property tend to be assessed at a lower percentage of current market value than other classes of property.[63] As a result, the ratios of assessed valuation to actual market values within and between local governments often vary greatly.

In the nation's older central cities, assessment bias is a prime contributor to property tax regressivity. There is substantial evidence that in many cities low-and moderate-income residential properties are assessed at much higher proportions of market value

than upper-income residential properties.[64] Small and medium scale commercial property appear to be taxed at higher rates than large-scale industrial property as well.[65] The underassessment of high-income neighborhoods and large-scale industrial properties is freqently a deliberate attempt by central city officials to slow down the suburban trek of the taxable wealth the city needs by shielding it from the full force of the central city tax rate.

Third, in the United States the fiscal autonomy afforded to local municipalities and school districts further increases the concentration of the tax burden among lower income groups and older central city areas. Since public services like schools are largely paid for by property taxes at the local level, affluent suburban communities have a competitive edge conferred upon them by their high tax bases and a marked incentive to keep their tax bases high. The most direct method of tax base preservation is to exclude from the community those who cannot pay their own way fiscally--families which would live in homes that generate insufficient property tax revenue to cover the cost of the public services they require. In most metropolitan areas in the United States the favorate exclusionary device is zoning restrictions.

Exclusionary zoning results in vast differences in income levels among local governments in metropolitan areas.[66] In 1970 the median family income of Detroit metropolitan area municipalities ranged from $48,715 in affluent Bloomfield Hills (a place of residence for the industrial corporate elite) to $8716 in Highland Park (a heavily black, industrial working class community bordering the inner core of Detroit). In 1970 the median family income

of the central city of Detroit was $10,045 placing it sixth from the bottom among the seventy municipalities with populations above 2500 in the metropolitan area.[67]

Fiscal autonomy among local governments and reliance on local property taxation forges a link between uneven economic development and uneven fiscal development in metropolitan areas. While new building activity and appreciation of existing properties send the tax rolls of one community soaring, it's neighbor may experience little or no growth in it's property tax base. In metropolitan areas, like Detroit, flight to the suburbs has robbed the central city of it's traditional edge in industrial and commercial activity. Much of the flight to the suburbs has been subsidized by the building of freeways which, in Detroit, has removed 2600 acres from the tax base furthering the fiscal dedevelopment of the city. In Detroit the aggregate market value of property actually declined by $865 million between 1960-61 and 1967-68. By 1971-72 the aggregate value of property had arrived again to the 1960-61 level. But the cumulative loss in property taxes to the Detroit school system during the 'sixties amounted to over $91 million (c.f. Table 8).

Thus central cities like Detroit face the following contradiction. They can attempt to tax themselves at a stiff rate to provide the services needed by an increasingly low income population. To follow this path is to risk driving many of the remaining firms, industries and relatively well-off households out of the city to the suburbs (where property tax rates in the U.S. average some fifty percent lower[68]) as well as foster increasing tax resistance among those remaining. Or else central cities can opt to

retain the current property tax rate but fail to meet the social expenses of an expanding surplus labor force and the public needs of residents of the city as a whole.

This contradiction is compounded with respect to education. As central cities confront rising unemployment and underemployment, physical decay, pollution, crime and the host of other social problems linked to dedevelopment of the urban core, they cannot accord the same priority to education as middle and upper income suburbs. Central city and suburban districts face fundamentally different sets of public expenditure priorities. Central cities racked by "municipal overburden" confront the necessity of providing those public services that are not needed by affluent suburban communities (e.g. increased welfare, health, urban renewal outlays) as well as those public services used but not financed by suburban residents (e.g. libraries, museums, water and sewage systems).

Thus, while Detroit's millage rate for schools is below that of most of the suburbs in the metropolitan area, Detroit's municipal tax rate ranges from two to five times the level of surrounding suburbs (c.f. Table 9). And a recent study has estimated that by providing services drawn upon but not financed by suburban residents, Detroit has subsidized the suburbs to the tune of $22 million a year.[69]

Since the distribution of the tax base is clearly unrelated to the educational requirements of the population, fiscal revenues are divorced from social needs exacerbating inequalities among classes, racial groups and local governments in metropolitan areas.

In the Detroit metropolitan area, the average property value per pupil of the wealthiest tenth of school districts ($47,035) was over five times that of the average wealth of the poorest ten percent ($9,339). Inequalities in the distribution of taxable wealth among metropolitan school systems mean that school districts have to impose very different local tax rates to raise equivalent amounts of money per student. For example, the tax base of Dearborn (the home of Ford Motor Company) was $45,339 per pupil, while next door that of Dearborn Hts. was $9,206 in 1971-72.[70] Dearborn Hts. would have to levy a 5 percent property tax to generate the same amount of local revenue that Dearborn could raise from a 1 percent tax. While the property tax rates among the wealthiest tenth of school districts in the Detroit metropolitan area averaged only 70 percent that of the poorest group, the per-pupil expenditures among the wealthiest tenth exceeded those of the poorest tenth by an average of 44 percent (c.f. Table 10). Finally, the poorest tenth of school districts contained 3.0 percent of the metropolitan area's total taxable property but instructed 6.2 percent of the area's students. The wealthiest tenth of school districts, on the other hand, held 13.1 percent of the area's taxable wealth but were responsible for instructing only 4.2 percent of the area's student population[71] (C.f. Table 11).

Uneven economic and fiscal development are related to the segregation of class, racial and age groups among local municipal and school district governments. This uneven "social" development among local governments has played an additional role in fostering local tax resistance in central cities and inner ring suburban

jurisdictions. The age distribution within many central cities tends to be polarizing between the young (who are frequently poor and black) and the elderly (primarily white) whose limited resources or sentimental ties to home and neighborhood maintain their locational ties to the inner city. In many central cities, parochial school enrollments are quite large which is partly a white response to the increasing concentration of black children in central city public schools. As bond issues or tax increase requests become closely contested, a small decline in the fraction of persons having a direct stake in the public school system has an important influence on the election's outcome.

In Detroit, for example, 12 percent of the city's population is over 65, compared with an average of 8 percent for the SMSA. In 1972-73, 67 percent of Detroit's school population was black while less than 45 percent of Detroit voters were black. And while enrollment in nonpublic schools has been declining in Detroit, non-public school enrollment still accounted for over 12 percent of elementary and secondary students in 1972-73. Characteristically, Detroit school millage proposals carry black neighborhoods but are defeated in areas heavily populated by the aged, the childless and those whose children are in parochial schools.[72]

Uneven economic, fiscal and social development has resulted in the concentration of the aged, the poor, and the black in decaying central cities. As a consequence, tax resistance increasingly expresses opposition to the uses to which educational expenditures are put stemming from divisions between classes, racial groups, age groups and private and public sector workers in the central city. Today there is a widespread feeling among central

city residents that school expenditures have been rising too fast and that the increases have not produced a commensurate improvement in the quality of education. For example, Detroit experienced a continous decline in the achievement scores among it's pupils throughout the 'sixties and the district now ranks in the bottom one percent of school systems in Michigan. In 1970-71, almost 40,000 student's dropped out of the Detroit school system. And employment opportunities for Detroit graduates are increasingly slim. Under these circumstances, widespread citizen discontent with the effectiveness of the Detroit educational system is hardly surprising.

In Detroit, taxpayer resistance is also expressed along class lines. Symbolic issues, like the eleven chauffer driven cars made available to top school officials and school board members, or the fact that 700 school employees were paid more than $20,000 a year in 1972, proliferate during millage and bond election periods. Tax resistance has also been a weapon of racial struggle in Detroit. Opposition to desegregation efforts by school officials has been expressed through resistance to tax increases for education. Finally, the realization that the wage gains of teachers have been out-distancing those of private sector workers has stimulated working class and local business opposition to tax increases for education.[73]

As older, decaying central cities become the arena for intensifying struggles among social groups for a larger share of a decreasing pie, and as they experience mounting difficulty in meeting the social needs of their residents, they have suffered

a general decline in legitimacy. As Rudolf Goldsheid has suggested in another context, "If the State must constantly fail to satisfy even the most urgent social needs because it is, so to speak, the foremost pauper in the country...how then can the State arouse anything but hostility against itself?"[74] This seems to be the situation facing a number of central city governments today.

Visibility of the Property Tax

The manner in which the local property tax is levied makes it a highly visible tax to local residents. No doubt this is one of the most important factors underlying increasing resistance to local tax increases over the past decade. While sales taxes are paid a few pennies at a time and income taxes are generally deducted from paychecks before the money is actually in hand, the property tax is paid in large sums directly from the taxpayers pocket. Most communities bill taxpayers annually or semiannually, and even when the property tax is included with the monthly payment the taxpayer is usually more sensitive to it's impact than that of other state and local taxes. And since reassessments of property values are made infrequently, they usually involve large increases in tax liability. The large discontinuous jumps that occur in property tax liabilities heighten it's visibility.

It is also of marked significance that the property tax is, by and large, the only major tax on which the electorate can vote directly in the United States. For this reason, school district requests for property tax increases provide one of the few direct outlets for general resistance to rising levels of taxation, to

a regressive and inequitable tax structure, to a lack of efficiency and effectiveness in the delivery of public services, and to prevailing expenditure priorities.

In conclusion, the major barrier confronting the Detroit school system's quest to accumulate revenues to meet rising expenditure demands has been tax resistance by local residents. The tax revolt has been a product of the rapidly mounting tax burden experienced by Detroit residents and the seeming lack of effectiveness and efficiency of school district programs. The mounting Detroit tax burden results from inequities in the property tax and uneven economic development interacting with fiscal autonomy among local governments to divorce fiscal resources from educational needs in the metropolitan area. Tax resistance also expresses class, racial and private/public sector working class antagonisms and a general decline in the legitimacy of the school system itself. The visibility of the property tax and it's susceptibility to direct vote have made local school millage and bond elections a respository for the political expression of the most basic contradictions in the U.S. urban political economy today.

5. <u>The Future of the Fiscal Crisis</u>.

Some public finance specialists have argued that the severity of the fiscal problems facing public primary and secondary education in the United States will decline during the next decade.[74] A number of factors appear to underly this prognostication. For one thing, the growth in school enrollment that engulfed the ecucational system during the 1950s and continued into the 1960s has all but ended. While public school enrollment increased

29 percent during the 'sixties it is projected to increase only 2 percent during the 'seventies. Second, estimates suggest that the supply of college graduates capable of teaching will significantly exceed the demand during the next decade. The oversupply of teachers will presumably dampen the growth rate in instructional costs. Finally, the future rate of increase in school expenditures may decline if cost-saving techniques, like extended or year round school plans, teaching machines, the combination of small schools into large, and allowing class sizes to rise by failing to replace teachers who retire or quit--are adopted by a large number of school districts.[75]

This line of reasoning may be persuasive when applied to trends in the aggregate national balance between revenues and expenditure demands for education. But it masks the continuing process of uneven economic and fiscal development which results in the imbalance between social needs and fiscal resources in large urban school systems like Detroit. Growth in the economy and the tax base are occuring in suburban jurisdictions while the unmet needs for improved education continue to be concentrated in decaying central cities and inner ring suburbs. Moreover, changes in the total supply and demand for teachers will have relatively little impact on instructional costs in large urban school districts where wages are primarily determined by collective bargaining rather than by market forces. Finally, to the extent that efforts to increase educational productivity and decrease costs entail more centralized control and tighter supervision over the instructional process they will encounter stiff resistance from

teachers (and from local school district officials when state departments of education attempt to exert control over their local domain). In short, it seems most unlikely that the fiscal crisis of education, experienced by older, larger, urban school districts serving a large share of the nation's working class school children, will dissipate simply through changes in "production techniques", demographic composition of the population or labor market conditions.

In the long run the evolution of the fiscal crisis of U.S. education will be determined by the ongoing political struggles between classes and among status groups. At present there seem to be rather formidable barriers to the development of permanent solutions to the fiscal crisis of education, whether these are proposals forwarded by elite groups "from above" or efforts by mass based popular movements "from below". These barriers to fundamental change in the fiscal structure of education are rooted in the nature of the class structure and the manner in which the State is organized in the United States.

Barriers to Change.

Any plan that seeks to restrain uneven economic and fiscal development in the metropolis, rather than leaving it to the play of market forces, will require the establishment of new forms of State control. The implementation of rational public planning in areas like education requires the creation of state and/or metropolitan governments with wide-ranging fiscal powers covering metropolitan regions as a whole; comprehensive control over much of the land that is to be developed in metropolitan areas; tax revenues sufficient to enable state and metropolitan governments

to acquire land and carry out the public works required for its development; and a housing policy that would eliminate segregation by providing people at all income levels with freedom of choice in the location of their homes.[76] Because it inevitably entails transfers of value from one piece of land to another, and control from one government to another, planning of this nature is bound to come into fundamental conflict with the existing interests of local landowners and land developers, commercial and industrial establishments, and municipalities and school district governments in the metropolis.

The constitutional structure of the United States, which divides governing responsibility among federal, state and local governments, and between units within levels of government, contains an inherent weakness: if the same interests do not hold power between and within levels of government, the creation of a coherent and unified plan for fiscal development is likely to be frustrated, seriously disrupting the functioning of the system as a whole.[77] In the United States corporate centers of economic power have tended to focus their attention on the federal government while locally and regionally based commercial, industrial, real estate and financial interests have been more active in state legislatures and local city halls. This arrangement has been in operation since the rise of big business in the last decades of the nineteenth century and has worked reasonably well up until now. But in the last few decades, as uneven economic development has intersected with fiscally autonomous local governments to produce markedly uneven fiscal development, emerging contradictions have called into question the continued viability of State arrangements.

At least three key groups are involved in an ongoing struggle over the organization of State activities: locally based ruling groups with a sizeable middle class constituency heavily concentrated in the more well-to-do suburban communities; the national ruling class including the corporate rich and their foundations with direct ties to university and government planning groups; and central city and inner ring working class communities. Groups in power at the local level sharply oppose efforts at educational reform that threaten their own fiscal and class advantages. The situation facing nationally based centers of power is somewhat more ambigious. From a narrow economic perspective, the concentration of the surplus labor force and the stagnating tax base in central cities is of little concern to many corporate giants--their profits after taxes haven't usually been much affected, the inner city constitutes a declining share of their total market activity, and they have not had much need for the kind of unskilled, low-paid labor which tends to be located there. However, the central city remains a primary locale for corporate headquarters and an environment of civic peace is a prerequisite to engaging in profitable economic activities. The fiscal crisis of central city school systems disrupts political stability and thereby threatens to undermine the legitimacy of the system as a whole.

National ruling groups are therefore prepared to promote programs, including educational reforms, calculated to pacify the inner city working class population and reduce the potential danger it presents to social order and security. They do this by supporting programs designed by elite, nationally based committees

and commissions, like the Advisory Commission on Intergovernmental Relations and the Committee on Economic Development which are directed at curbing the excesses of uneven fiscal development. Yet given the structure of government in the United States, locally dominant groups frequently have virtual veto power over these programs, or are in a position to directly or indirectly assume responsibility for their execution. This dilemma is particularly apparent in public education since local governments presently assume the major financial and administrative responsibility for operating this sector of the State system.

Finance Reform in Michigan

The barriers to the development of permanent solutions to the fiscal crisis of education, and the types of policy changes likely to be forthcoming, were rather clearly revealed in Michigan during 1972-73. In response to the Detroit school district's financial collapse and plea for additional funds, the Michigan Legislature, after lengthy debate, authorized special loans to pay off the debt. It then passed a new state law mandating the Detroit school board to impose, without a vote by Detroit residents, a one percent income tax which would remain in force until a local millage renewal passed. The education income tax would automatically be reimposed any time the school millage fell below the newly mandated operating level.[78] This left Detroit residents with two alternatives: either they could pass the previously defeated millage renewal request or they could continue to be subject to the state imposed one percent education income tax. On September 11, 1973, a primary and special election was held in Detroit. Included on the ballot was a proposition to increase the school property

tax by seven mills. This proposition was passed by the electorate by a two to one margin. The Board of Education income tax was then rescinded.[79] Thus, the immediate response of the Michigan Legislature was to "disenfranchise" Detroit residents and impose a solution. This was an emergency measure, however, and efforts had been underway for some time to develop a more durable response to the intensifying fiscal dilemmas facing urban education in Michigan.

The fiscal crisis facing large, aging central city school districts, like Detroit, is easily solved in theory. The fiscal responsibility for education could simply be shifted to the states or to the federal government who would then collect all school taxes and hand the money to school districts by a formula which takes into account enrollment size and educational need. Indeed, most national planning bodies, including the President's Commission on School Finance Reform, have recommended complete state or federal financing of schools.[80] Such a system would, spokesman have argued, "meet society's interest in having all it's citizens moderately well educated, (reap the) benefits of an educated electorate, a skilled and mobile labor force and a system in which class tensions are moderated by the belief that opportunities for economic and social advancement are relatively open."[81] Presumably state or federal finance would also remove some of the incentive to fiscal zoning among local governments, curb some of the more blatantly regressive features of the local tax system, tie growth in tax revenues more directly to growth in the national economy as a whole, and aid in the development of mechanisms for increasing educational productivity currently frustrated by the

existing fragmentation of local school districts.

Michigan's Republican Governor, William Milliken, has been a national leader in the movement for the state financing of public education. In 1969 he became the first U.S. Governor, and one of the first government officials in Michigan, to argue that the system of school finance was inequitable and should be changed. He proposed an alternative plan whereby every school system in Michigan would get the same return on millage and which limited the ability of wealthy districts to spend vastly more than poor ones could afford.[82] But he took a beating in the state legislature and eventually decided to bypass the state governing body entirely by sponsoring a petition drive to get his proposal on a referendum ballot in the November, 1972, elections. The successful petition drive was led by the Michigan Education Association whose 80,000 members pledged $250,000 to the campaign to gain voter approval. The referendum drive was also backed by the League of Women Voters, the Michigan Chamber of Commerce, and a number of important Michigan business interests.[83]

In essence, Milliken's proposal placed low constitutional ceilings on the property tax for public school operations and directed the state legislature to make up the difference in revenue from other, unspecified sources. It was well known, however, that Milliken strongly favored an increased flat rate state income tax along with a value added tax on business as methods to finance state educational outlays.[84]

Milliken's proposal (Proposal C) immediately encountered strong opposition from organized labor. William Marshall, President of the Michigan AFL-CIO, denounced Proposal C as a "blatant attempt

to shift more of the tax burden onto the backs of working people under the guise of property tax relief."[85] The main beneficiaries of Proposal C, big labor argued, would be Michigan business interests who would receive a $500 million break in local property taxes while similtaneously blocking the creation of improved property taxes at the state level.[86] With the strong backing of organized labor, a group of state legislators, led by House Speaker William Ryan (Dem., Detroit), countered with an additional tax revision proposal calling for the removal of the existing constitutional ban against the progressive income tax in Michigan. Ryan's proposition (Proposal D) also found a place on the November ballot.

Proposals C and D were soundly defeated at the hands of Michigan voters in the November elections.[87] Parties to the proposed changes had failed to circumvent two central roadblocks to state or federal assumption of educational financing in the United States.

First, it was widely recognized that there would be an enormous increase in educational costs and tax levies associated with a shift from local to state financing. Educational costs would escalate because recent court cases, in Michigan and elsewhere in the nation, clearly implied that shifting to state financing would entail reducing the disparities in expenditures existing among districts within the state. Equalization by cutting school expenditures in districts that currently spend large amounts per pupil would be out of the question given the political clout of suburban districts in the state legislature. Rather it would be necessary to raise the level of expenditures in all communities in the state closer to the highest levels. Governor Milliken conservatively

placed the additional cost of shifting to state financing at $45 million. But the chairman of the Senate Taxation Committee put the figure at between $114 million and $1.3 billion depending upon the percentile norm toward which districts would be raised.[88] Thus, in a climate already characterized by increasing resistance to tax increases by local voters, the possibility of large-scale rises in tax levies for education did much to spell the demise of the Michigan finance reform proposals.

The second major barrier to state financing of education is powerful suburban opposition to the decline in the power of local systems that would almost inevitably result. The Michigan school finance reform proposals fell victim to widespread opposition to loss of local school district autonomy intertwined with fears about busing for integration in metropolitan areas, and a strong feeling among "out-state" residents that the finance reform was designed not for their benefit but largely to save the Detroit school system.[89] The impact that shifts in financing would have on decisions affecting curriculum, textbook selection, salary levels, labor negotiations, administrative organization and so on is a matter of some dispute. Yet it seems certain that a move to state financing of schools would markedly increase the power of state departments of education. State control of funding would foster statewide collective bargaining between instructional personnel and state administration, statewide salary schedules and tenure laws--all boosting the costs of education still further and threatening the entrenched interests and perogatives of local school systems.

Thus, as the Michigan case reveals, efforts to remove the role of local fiscal arrangements in school finance face tough obstacles. A shift to state financing would entail major fiscal and political changes in education. While property taxes might be reduced, aggregate taxes would rise considerably as the level of educational costs soar. Nationally, equalization of school districts to the 90th percentile would have raised total state-local taxes 20 percent or more in ten states and 15 percent or more in 27 states in 1969-70. The costs of equalizing expenditures among districts within states to the 90th percentile and equalizing expenditures between states to the 80th percentile would have increased the costs of financing education in the United States by over 25 percent in 1969-70.[90] In other words, an attempted shift toward state or federal financing of education calls into question the present distribution of school tax burdens, the concentration of wealth among individuals, the variations in spending levels among districts, the locus of educational-decision making power, the capacity of states or the federal government to fund sizeable increases in educational outlays and thus state and federal budget priorities as well. In view of the costs and class interests involved, it is not surprising that there has been so little movement toward shifting the financing of education to state or federal levels despite the mounting fiscal dilemmas facing central city school districts like Detroit.

In Michigan a compromise school finance reform policy was finally hammered out in steps over a period of several months. It presently contains the following elements: (1) a new state allocation

formula that creates incentives for local school districts to tax themselves by tieing the amount of state aid to the tax rate of the local district; (2) a modest effort to equalize spending among school districts by placing a state guaranteed floor under local district expenditure levels; (3) the implementation of a new property tax relief plan which cushions the effect of the property tax on the elderly and on low income groups. This set of reforms combine incentives for increases in the local tax effort with efforts to blunt some of the harsher features of the fiscal system. It is currently being hailed as a model for other states to follow.[91] Yet it is clear that none of these reforms address the basic causes of the fiscal plight of Detroit, the inequitable structure of Michigan education or the basic contradictions facing the educational system as a whole.

Popular Reform Movements

In the absence of strong challenges from a broadly based and unified popular movement it is unlikely that there will be fundamental alterations in the fiscal structure of U.S. education. Today, battles for tax reform are being waged in both legal and political arenas in the United States.

To date, the central thrust of the liberal wing of the educational reformmovement has rested with legal struggles in state and federal courts challenging the constitutionality of the present methods of financing education. And in several states judges have held that existing systems of financing public education violated the equal protection clause of the Fourteenth Amendment to the U.S. Constitution in that they made "the quality of a child's

education a function of the wealth of his parents and neighbors".[92] In December, 1972, the Michigan Supreme Court ruled in Milliken v. Green that the state's method of financing education was unconstitutional.[93] The State Supreme Court held that educational disparities stemming from taxable wealth differences between districts violated the equal protection provisions of the Michigan Constitution. But the State Supreme Court did not order a new system. Rather, it returned the task of devising a new system to the Michigan Legislature. This legal decision was subsequently challenged and placed under review but it nonetheless probably helped to spur the eventual compromise finance reform package developed during 1973.

However, the recent five to four decision of the U.S. Supreme Court in San Antonio Independent School District v. Rodriguez, which refused to declare the Texas school system unconstitutional, was a substantial setback for the legal struggle for finance reform.[94] The U.S. Supreme Court decision did not foreclose litigation challenging school finance on state constitutional and statuatory grounds; so this issue will continue to be contested in state courts. Nonetheless, the U.S. Supreme Court decision took much of the wind out of the sails of the legal battle. Moreover, the U.S. Supreme Court's recent decision prohibiting interdistrict busing between central city and suburbs in Detroit, while calling for further measures to "desegregate" the central city alone, will undoubtedly spur further white emigration from the central city and exacerbate uneven fiscal development and class and racial segregation in the Detroit metropolitan area.

Local political struggles for tax reform have also failed to significantly alter the fiscal system. Ironically, the very structure of the tax system operates to diffuse political opposition.[95] The regressive and inequitable nature of the tax structure creates divisions among strata of the working class: between the employed and the unemployed, between the nonpoor and the poor, between the young and the old. The financing of social programs fall heaviest on working class wage earners. The largest share of welfare expenditures is financed through regressive, inequitable sales and property taxes. Social security is funded through regressive payroll taxes. Education is financed locally by inequitable property taxes. Therefore, while it is in the interests of State clients to struggle to obtain as much as they can from the State, it is frequently in the interests of other segments of the working class to oppose these demands. And the divisions within the working class have been further exacerbated by increasing government fragmentation in the metropolis and the concentration of poverty, unemployment and racial minority groups in the urban core pitting working class suburbs against central cities in relations of mutual suspicion and fear.

Divisions within the working class have allowed conservative local business interests to gain electoral support from large numbers of workers on tax reform issues. The principal leaders of the property tax revolt often prove to be local real estate, commercial, and industrial interests.[96] As the Michigan case reveals, business interests pushing for local tax reform frequently intend replacing the property tax with even more regressive alternatives

like flat rate income and consumption taxes. Thus, in the absence of careful analysis and communication about the class incidence of alternative methods of taxation, and the nature of the link between tax burden and expenditure benefits among districts, and the development of strong working class leadership on this issue, the direction taken by local tax reform efforts is unlikely to pose fundamental challenges to the exploitive structure of government finance.

In central cities, like Detroit, the difficulty of developing a cohesive and effective challenge to the fiscal structure of U.S. education is compounded by racial divisions and by conflicts between private and public sector workers. The resistance of local voters to tax increases for education has tended to divide the Detroit community along racial rather than class lines. Detroit is a city where almost seventy percent of the school children are black while nearly sixty percent of the voting population is white. School district requests for millage increases generally pass in black neighborhoods and frequently fail in white areas. The local resistance to increased taxes for education is interpreted by a large share of the black community as resistance to black efforts to wrest control over their local schools and as yet another manifestation of white racism.

The rising strength and militancy of teacher unions seemingly offers the greatest potential for uniting various segments of the community into a broadly based force challenging the fiscal structure of education in the United States. Teachers command a position which affords them a perspective on the educational system

as a whole. They have increasingly recognized that their training as "professionals" does not correspond to the role they actually occupy within the educational system. But they have failed to integrate their job interests with the public interest of the central city working class as a whole.

Teacher's union programs during the 1930s and 1940s frequently went beyond wages and working conditions and included demands for fundamental reforms in educational practice and a critical posture on important domestic and international issues. Lacking collective bargaining rights, the subordinate position of teachers within the educational system led them to seek alliances with parents and students. But as the strength of the labor movement among teachers has grown, their need for a coalition with parents and children declined, and so has their attachment to public service and a critical educational philosophy.[97]

In large central cities, like Detroit, the political thrust of black demands for community control during the late 'sixties ran counter to the emerging trade union consciousness of teachers. The movement to advance the self-interests of teachers seemed to be antagonistic to the demands of parents of minority group students for a renewed teacher commitment to community service. Moreover, in their struggles for wage increases and improvement in working conditions, the teacher's movement confronts increasing resistacen among already heavily taxed central city residents. School administrators, caught in a vise between rising expenditure demands and declining revenue sources, have been playing off teachers against irate taxpayers and community control groups in an effort to qurb

teacher power and increase educational productivity through the development of more intensive supervision and control over the instructional process. In the hands of school administrators, issues like creating mechanisms for ensuring teacher "accountability" for the performance of their pupils, have exacerbated the divisions between teachers, minority groups and private sector workers.[98]

There is some evidence that teachers have begun to move from a "trade union" consciousness to a broader perspective on the fiscal structure of education in the United States. In California, for example, the CFT has begun to raise the class issues of state finance: the unequal distribution of tax burden and expenditure benefits among social classes in the educational system. They have tied their demands for wage increases to demands for implementing progressive taxes in an effort to ensure that their own wage gains are not primarily at the expense of other working class wage-earners.[99] The focus on the class issues of state finance promises to provide a link between teacher's organizations and irate taxpayers that may move the tax reform movement in a leftward direction. But there is little evidence to date that teacher unions have begun to intensively re-explore the role of education in a capitalist society nor have they begun to systematically re-evaluate the relationship between their work and the class situation of their clients in decaying central cities.

In sum, popular movements for fundamental reform in the current fiscal structure of U.S. education face resilient obstacles. The conservate philosophy characterizing the current U.S. Supreme Court has taken the wind out of the sails of the legal struggle for

school finance reform. The efficacy of local political battles for tax reform, on the other hand, has been blunted by the mutual antagonisms between working class groups which have frustrated the development of the political coalitions necessary for basic alterations in the fiscal structure and functioning of the educational system.

6. Summary and Conclusions.

By way of conclusion, it is worth restating the central argument of this study. Changes in the structure of the economy brought about by technological change, economic concentration and uneven development have rendered State expenditures increasingly central to the process of capitalist development. In the long run the State must encourage private accumulation more and more in order to generate the economic growth required to raise tax revenues. The State has also been forced to constantly expand social expense outlays in the attempt to offset the threat to political stability posed by underemployment, unemployment and economic and social inequality. While the State socializes an increasing share of capital costs and faces a mounting burden of social expenses, profits continue to be appropriated privately increasing the tax burden on the working class. As Goldsheid noted decades ago, "Fiscal exploitation is an indispensable adjunct of exploitation by private enterprise...tax exploitation and capitalistic exploitation, the turn of the tax screw and the turn of the profit screw, reinforce each other."[100]

Morever, in the United States, the conjunction of uneven economic development and the Constitutional structure of the State

dividing governing responsibility among federal, state and local governments, and among fiscally autonomous units within levels of government, has led to uneven fiscal development among local municipal and school district jurisdictions. Uneven fiscal development divorces the local tax base from social needs and exacerbates the fiscal and social crisis facing central city governments like Detroit. These contradictions produce intensifying social struggles against the State. But in the United States there are deep divisions within both ruling and insurgent groups. These divisions are reinforced by the decentralization of the State and have frustrated the development of lasting solutions to the fiscal dilemmas facing large central cities.

In the final analysis the fiscal crisis of the Capitalist State resides in the separation of the State from control over the means of producing goods and services to meet human needs. Dependent upon private accumulation for it's own survival, the State becomes the respository of capitalist contradictions rather than an instrument for the construction of a rational, well-managed public economy capable of promoting the well being of all.

FOOTNOTES

1. Rudolf Goldsheid, "A Sociological Approach to Problems of Public Finance", in Richard A. Musgrave and Alan T. Peacock (eds), Classics in the Theory of Public Finance (New York: St. Martin's Press, 1964), p. 205.

2. "Kelley Ruling Hastens a Showdown for Schools", Detroit Free Press, September 27, 1971.

3. C.f. William Grant, "Costs Zoom, Taxes Shrink for Schools", Detroit Free Press, November 20, 1972; William Grant, "School Board to Improve Education--if the Millage Passes," Detroit Free Press, June 23, 1974.

4. William Grant, "Detroit Schools at Crossroads: Poor but Rich", Detroit Free Press, January 15, 1973.

5. Michigan Department of Education, Local School District Results The Fourth Report of the 1971-72 Michigan Educational Assessment Program, Lansing, Michigan, 1972, pp. 20-21.

6. "Coming Months will Bring Relief or Doom for the Schools", Detroit Free Press, May 26, 1972.

7. "Mayor Young Must Initiate Tough Financial Measures", Detroit Free Press, December 20, 1973.

8. Testimony by D. Dean Kaylor, a senior vice-president of the National Bank of Detroit, before the Detroit Common Council as reported by Roger Lane, "State Veto Sought over Spending by City Schools," Detroit Free Press, February 16, 1973.

9. Maurice Dobb, "What is Capitalism?", in David Mermelstein (ed.), Economics Mainstream Readings and Radical Critiques (N.Y.: Random House, 1970), first edition, pp. 37-42.

10. Ibid.

11. Rudolf Goldsheid, "A Sociological Approach to Problems of Public Finance", op.cit., p. 202.

12. Ibid.

13. Ibid., p. 203.

14. James O'Connor, The Fiscal Crisis of the State, (N.Y.: St. Martin's Press, 1973), p. 232.

15. C.F. Paul A. Baran and Paul M.Sweezy, Monopoly Capital (N.Y.: Monthly Review Press, 1966), pp. 14-78; and John Blair, Economic Concentration (N.Y. Harper and Row, 1972).

16. Barry Bluestone, "Economic Crises and the Law of Uneven Development," Politics and Society (Fall 1972), pp. 65-66.

17. Paul Baran and Paul Sweezy, Monopoly Capital, op.cit., pp. 218-248.

18. James O'Connor, The Fiscal Crisis of the State, op.cit., p. 6.

19. Ibid., pp. 101-116.

20. Ibid., pp. 158-162.

21. Between 1961 and 1970 total federal expenditures for manpower and human resource development programs rose from $184 million to over $2.6 billion a year. Total federal aid to the poor through income security programs, commodity and service programs, manpower policy, and economic and community development tripled during this period from $9.7 billion to $27.8 billion. Between 1957 and 1967 the AFDC caseload doubled from 2.5 million to 5 million persons; in the next four years it doubled again and the AFDC cash outlay tripled. Over the twelve month period ending in April 1971, the caseload rose by nearly 25 percent and the cost soared by more than 36 percent. On the other hand, the distribution of after tax and transfer income has remained approximately constant at least since World War II and possibly since the turn of the century. C.f. Barry Bluestone, "Economic Crises and the Law of Uneven Development", op.cit., pp. 78-79.

22. C.F. U.S. Bureau of the Census, Pocket Data Book, USA 1971, (U.S. Government Printing Office, Washington, D.C., 1971), Table 72.

23. The same trends are revealed in the growth of State employment and State payrolls by level of government. While employment at all

levels of government increased by 98 percent between 1950 and 1969, federal employment increased by 41 percent, state employment increased by 147 percent and local employment increased by 120 percent. During the same period State payrolls at all levels of government increased by 397 percent, federal payrolls by 282 percent, state payrolls by 548 percent and local payrolls by 449 percent. Computed from data provided in U.S. Bureau of the Census, Pocket Data Book, USA 1971, op.cit., Tables 84, 85 and 96.

24. William Oakland, "Using the Property Tax to Pay for City Government: A Case Study of Baltimore," in George Peterson (ed.), Property Tax Reform (Washington, D.C.: The Urban Institute, 1973), p. 141.

25. U.S. Bureau of the Census, Pocket Data Book USA, 1971, op.cit., Table 71, p. 87.

26. Ibid., Table 71, p. 87.

27. James O'Connor, The Fiscal Crisis of the State, op.cit., pp. 194-195.

28. In constructing this brief sketch of the dedevelopment of Detroit I have drawn extensively on a series of penetrating articles by Detroit investigative reporter, William Serrin, including: "Taxes, Politics--the System--Peril the City", Detroit Free Press, October 31, 1971; "Detroit Grows Lean While Suburbia Fattens," Detroit Free Press, November 1, 1971; "How Tax System Kills City", Detroit Free Press, November 2, 1971; "Cash Flows Out of City," Detroit Free Press, November 3, 1971; "Land Use Plan Could Aid Detroit Development", Detroit Free Press, November 4, 1971.

29. Robert Sinclair, The Face of Detroit, (Detroit: Department of Geography, Wayne State University, 1972), p. 24.

30. Ibid., pp. 38-41.

31. William Serrin, "Detroit Grows Lean While Suburbia Fattens", op.cit..

32. U.S. Bureau of the Census, U.S. Census of Population: 1960 (1970), Volume 1, Characteristics of the Population, Part 24,

Michigan, (Washington, D.C.: U.S. Government Printing Office, 1963 (1973)).

33. David Cooper, "Is Detroit Doomed to Decay and Death?", Detroit Free Press, March 4, 1971.

34. Milton Taylor and Richard Willits, Detroit: Agenda for Fiscal Survival, (East Lansing, Michigan: Institute for Community Development, 1971), p. 18.

35. William Serrin, "How Tax System Kills City", op.cit..

36. William Serrin, "Cash Flows Out of City", op.cit..

37. Milton Taylor and Richard Willits, Detroit: Agenda for Fiscal Survival, op.cit., p. 2.

38. Michigan's Minorities at the Mid-Seventies: Indians, Blacks, Chicanos, Second Annual Conference of Michigan Foundations, (Flint, Michigan: The Charles Steward Mott Foundation, 1974), Table IV-5, p. 38.

39. Bureau of Labor Statistics, Economic Problems in the Concentrated Employment Program, (Chicago: U.S. Bureau of Labor Statistics, 1969), p. 3. As cited in Milton Taylor and Richard Willits, Detroit: Agenda for Fiscal Survival, op.cit., p. 5.

40. Michigan's Minorities at the Mid-Seventies: Indians, Blacks, Chicanos, op.cit., Table IV-11, p. 47.

41. In the United States total outlays for public elementary and secondary education more than tripled between 1957-58 and 1971-72 rising from $13.6 billion to $46.8 billion. Reischauer and Hartman have estimated that roughly one-quarter of the total increase in school expenditures can be attributed to an increase in school enrollments from 33.5 million in 1957-58 to 48.2 million in the 1971-72 school year. C.f. Robert D. Reischauer and Robert W. Hartman, Reforming School Finance, (Washington, D.C.: The Brookings Institution, 1973), p. 19.

42. Citizen's Research Council of Michigan, Financial Problems in the Detroit School District, Memorandum No. 222, (Lansing, Michigan,

February 1972), pp. 7-9.

43. Ibid., pp. 10-12.

44. The average annual salaries of teachers in the United States increased by roughly 90 percent between 1960 and 1973, those for other instructional personnel by more than 100 percent. As a group, the incomes of teachers, as well as other State sector workers, rose more rapidly than the income of the average worker in the private sector which increased by 74 percent during this period. Between 1965 and 1970 teacher's salaries rose one-third faster than private sector wages. C.f. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., p. 20.

45. Robert E. Pickup, "Michigan Public Employee Relations", Proceedings of the Academy of Political Science, volume XXX, Number 2, (1971), Table 2, p. 103.

46. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., Table 3-4, p. 22.

47. William Grant, "School Board OKs Budget", Detroit Free Press, July 2, 1974.

48. And with the expansion of teacher bargaining power, justifications for wage increases in working conditions in public sector collective bargaining sessions have been switching from comparability data based on private sector conditions and compensation to comparability data based on conditions negotiated in local governments in other areas, threatening State management with a specter of "limitless" spiral in the cost of public sector settlements. C.f. Arnold M.Zack, "Meeting the Rising Cost of Public Sector Settlements," Monthly Labor Review (May,1973), pp. 38-40.

49. C.f. George R. La Noue and Marvin R. Pilo, "Teacher Unions and Educational Accountability", Proceedings of the Academy of Political Science, volume XXX, Number 2 (1971), pp. 146-158. For a fascinating account of the pitfalls of Michigan's experience in attempting to "scientifically" measure student performance levels in order to "operationalize" teacher accountability plans c.f.

Jerome T. Murphy and David K. Cohen, "Accountability in Education--the Michigan Experience," The Public Interest, No. 36 (Summer 1974), pp. 53-81.

50. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., pp. 62-64.

51. Citizens Research Council of Michigan, Financial Problems in the Detroit School District, op.cit., Table 2, p.6.

52. Ibid., pp. 3-4.

53. James O'Connor, The Fiscal Crisis of the State, op.cit., p. 234.

54. William Oakland, "Using the Property Tax to Pay for City Government: A Case Study of Baltimore", in George Peterson (ed.), Property Tax Reform, op.cit., p. 141.

55. James O'Connor, The Fiscal Crisis of the State, op.cit., pp. 231-232.

56. Ibid.

57. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., Table 3-5, p. 25.

58. Milton Taylor and Richard Willits, Detroit: Agenda for Fiscal Survival, op.cit., p. 16.

59. Roger Lane, "State Veto Sought Over Spending by City Schools," Detroit Free Press, February 16, 1973.

60. Henry Aaron, "What do Circuit-Breaker Laws Accomplish?", in George Peterson (ed.), Property Tax Reform, op.cit., p. 54.

61. John Shannon, "The Property Tax: Reform or Relief?", Ibid., p. 29.

62. Repeated studies have shown that families in low-income brackets spend a much higher proportion of their income on housing than do families with higher annual earnings. According to the President's Committee on Urban Housing, households that earned less than $2,000 in 1960 paid well over a third of their income for rent, while the majority of households that earned over $10,000 paid less than 10 percent of their income for rent.

63. John Shannon, "The Property Tax: Reform or Relief?" in William Peterson (ed), Property Tax Reform, op.cit., p. 29.

64. For example, a study of Boston showed that in 1962 the ratio of assessed to market value of single family homes ranged from 0.28 in East Boston to 0.54 in predominantly Black Roxbury, while assessment ratios on commercial property ranged from 0.59 in Hyde Park to 1.11 in South Boston. C.f. Oliver Oldman and Henry Aaron, "Assessment-Sales Ratios under the Boston Property Tax", Assessors Journal, volume IV, (April 1969), pp. 18-19. Also c.f. David E. Black, "The Nature and Extent of Effective Property Tax Rate Variation Within the City of Boston", National Tax Journal, volume 25, (June 1972).

65. The class of land most underassessed is unsubdivided acreage inside SMSAs. Much of that land is speculative; much is in estates held by the very wealthy; and much is industrial. Gaffney's studies of industrial property in Milwaukee suggest that it is not only underassessed, but regressively assessed and his findings have been supported by research elsewhere. C.f. M.Mason Gaffney, "The Property Tax is a Progressive Tax", Proceedings of the Sixty-Fourth Annual Conference on Taxation (National Tax Association, 1971), pp. 415-418; M. Mason Gaffney, "What is Property Tax Reform?", American Journal of Economics and Sociology, (April, 1972).

66. C.f. Richard Child Hill, "Separate and Unequal: Governmental Inequality in the Metropolis", American Political Science Review, forthcoming (December 1974); Bruce Hamilton has looked at the property tax's incentive to fiscal exclusion and its effects. He has discovered that in states where there is a high degree of reliance on locally raised revenue to pay for public schools, there seems to be a discernibly higher degree of income segregation among communities than elsewhere. He also found that fiscally motivated zoning has restricted the total amount of land available for low-income housing in metropolitan areas. C.f. Bruce Hamilton, "Property Taxation's Incentive to Fiscal Zoning" in George Peterson (ed), Property Tax Reform, op.cit., pp. 126-130.

67. U.S. Bureau of the Census, U.S. Census of Population: 1970, Volume 1: Characteristics of the Population, Part 24, Michigan, (Washington, D.C.: U.S. Government Printing Office, 1973).

68. George E. Peterson, "The Issues of Property Tax Reform," in George E. Peterson (ed), Property Tax Reform, op.cit., p. 9.

69. William B. Neenan, "Suburban-Central City Exploitation Thesis", National Tax Journal (June 1970), pp. 117-139. For a critical response to Neenan's thesis, c.f. Peter Brown, "On Exploitation", National Tax Journal, volume XXIV, number 1 (March 1971), pp. 91-96.

70. Michigan Public School District Data, 1971-72, Research Division, Michigan Education Association, Box 673, East Lansing, Michigan.

71. Public finance specialists frequently argue that while it is obvious that there are large differences in the size of various school districts' tax bases a simple comparison of property values per pupil may overstate the inequalities. This is because within any labor market area it is probably safe to assume that communities housing families of roughly equal economic status have about the same fiscal capacities, whatever their per-pupil property tax base. The mobility of families would ensure that if a certain district enjoyed a real tax advantage, those living elsewhere would attempt to move into the area, and thus bid up housing prices. Their counterparts in the other community would pay higher taxes, but their other housing costs would be lower. As elegant as this deductive model may be, it has a number of exceptions which sharply limit it's applicability. For one thing, racial and ethnic minorities facing housing discrimination invalidate the assumptions of this model since they are not free to choose their place of residence. Secondly, it is also mistaken to infer that family mobility lessens the importance of differences in tax base of school districts housing families markedly different in income and wealth. Discriminatory zoning, building codes and status group

and class pressures have kept low income families from exclusive suburban divisions.

72. William Grant, "Costs Zoom, Taxes Shrink for Schools," Detroit Free Press, November 20, 1972.

73. William Grant, "City Schools Head for Fiscal Showdown," Detroit Free Press, November 20, 1972.

74. Rudolf Goldsheid, "A Sociological Approach to the Problems of Public Finance," op.cit., p. 212.

75. The research directors for the Tax Foundation, for example, c.f. Frederick Andrews, "Easing the Bite--State and Local Taxes on Businesses Soar But Respite in Sight," Wall Street Journal, June 5, 1972.

76. Hans Blumenfeld, "The Modern Metropolis", Scientific American, (September 1965).

77. In the argument that follows in the next few paragraphs I am indebted to ideas developed by Paul Sweezy in his "Thoughts on the American System", Monthly Review (February 1969), pp. 7-12; and "Afterword: The Implications of Community Control", in Annette T. Rubenstein (ed.), Schools Against Children (N.Y.: Monthly Review Press, 1970), pp. 284-293.

78. William Grant, "Millions for Schools at Stake Tuesday," Detroit Free Press, March 18, 1973.

79. Department of Management and Budget, State of Michigan, Accounting Division Letter #81, "Expiration of Detroit Board of Education Income Tax," November 5, 1973, Lansing, Michigan.

80. C.f. for example, Advisory Commission on Intergovernmental Relations, State Aid to Local Government (Washington, D.C.: U.S. Government Printing Office, 1969); Committee for Economic Development, Education for the Urban Disadvantaged: From Preschool to Employment (N.Y.: CED, 1971).

81. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., p. 147.

82. William Grant, "Full School Finance Reform Unlikely," Detroit Free Press, July 13, 1973.

83. Roger Lane, "Organized Labor to Fight State Property Tax Reform," Detroit Free Press, October 13, 1972.

84. Ray Anderson, "Property, Income Tax Reform--At What Price to Communities?", Michigan State News, October 25, 1972.

85. Quoted in Roger Lane, "Organized Labor to Fight State Property Tax Reform," Detroit Free Press, op.cit.

86. Ibid.

87. Proposal C was defeated by a margin of 58 percent to 42 percent. Proposal D went down to defeat by 69 percent to 31 percent.

88. cited in Ray Anderson, "Property, Income Tax Reform--At What Price to Communities?", Michigan State News, op.cit.

89. The response of suburban interests to challenges to the local property tax as a method of financing education in Michigan is typified in State Representative William Bryant (Rep., Grosse Pointe) remark in an interview that "I don't believe the people of this state want Lansing to tell them what and how to teach, what books and tests to use, and what schools to go to." Cited in David Cooper, "Kill Schools Property Tax," Detroit Free Press, October 16, 1971.

90. Robert Reischauer and Robert Hartman, Reforming School Finance, op.cit., Table 3-11, p. 45.

91. John Shannon, "The Property Tax: Reform or Relief," in George Peterson (ed.), Property Tax Reform, op.cit., pp. 35-36.

92. Serrano v. Priest, California Supreme Court, 938254, Los Angeles, California, 1971, p. 1.

93. Milliken v. Green, Michigan Supreme Court, 203 N.W. 2nd, 457, Lansing, Michigan, 1972.

94. San Antonio Independent School District v. Rodriguez, U.S. Supreme Court, 337 F. Supp. 280, 36, L. Ed. 2nd 16, 1973.

95. Elliott Sclar, et.al., "Taxes, Taxpayers and Social Change: The Political Economy of the State Sector," The Review of Radical

Political Economics, vol. 6, no. 1 (Spring 1974), pp. 134-153.

96. George Peterson and Arthur Solomon, "Property Taxes and Populist Reform," The Public Interest, no. 30 (Winter 1973), pp. 60-62.

97. Stanley Aronowitz, False Promises The Shaping of American Working Class Consciousness, (N.Y.: McGraw Hill, 1973), pp. 314-315.

98. C.f. George R. La Noue and Marvin R. Pilo, "Teacher Unions and Educational Accountability," op.cit. The attempt to implement an accountability or teacher evaluation plan by the Detroit School Board and the Central Administration of the district was the key issue which prolonged the September 1973 strike by the Detroit Federation of Teachers for 43 days. Labeled "McCutcheon's Bludgeon" by the DFT--after the chief proponent of the plan, Executive Deputy Superintendent Aubrey McCutcheon--the accountability plan was and is viewed by the DFT as a device to "counter mounting community criticism of the schools" and "keep teachers totally submissive to the whims of administrators and community witch-hunters". C.f. Detroit Federation of Teachers, "McCutcheons Bludgeon," Detroit, Michigan, September 2, 1973.

99. James O'Connor, The Fiscal Crisis of the State, op.cit., pp. 244-245.

100. Rudolf Goldsheid, "A Sociological Approach to Problems of Public Finance," op.cit., p. 211.

Table 1: Surplus-Deficit for the Detroit School District, 1967-68 through November, 1972.

Year Ending June 30	Current Operating Deficit	Accumulated Deficit
1968.....	$ -.7.0	$ - 6.7
1969.....	$ 3.2	$ - 3.5
1970.....	$ - 6.4	$ - 9.9
1971.....	$ -10.4	$ -20.3
1972 (Sept.).....	$ -17.7	$ -38.0 (approx.)
1972 (Nov.).....	$ -42.0	$ -80.0 (approx.)

Source: Citizens Research Council of Michigan, Financial Problems in the Detroit School District, Memorandum No. 222, Lansing, Michigan, February 1972; School District of the City of Detroit, Financial Statements as of June 30, 1973, Together with Auditors' Report, Arthur Andersen and Company, Detroit, Michigan.

Table 2: Pupil Membership, Total Operating Expenditures, and Per pupil Operating Expenditures, Detroit School District, 1963-64 through 1972-73.

Year	Pupil Membership[1]	Total Operating Expenditures[2]	Per Pupil Operating Expenditures[3]
1963-64.....	294,223	$124,067,302	$421.16
1964-65.....	296,094	135,142,953	456.41
1965-66.....	296,582	155,399,177	523.96
1966-67.....	299,962	173,780,221	579.34
1967-68.....	295,907	192,935,763	652.01
1968-69.....	294,094	204,751,324	696.21
1969-70.....	293,822	222,135,425	756.01
1970-71.....	289,550	259,059,145	894.69
1971-72.....	289,446	281,116,658	971.22
1972-73.....	281,618	281,806,522	1000.66

[1]State audited membership for distribution of state funds.

[2]Includes all federal programs - excludes social security.

[3]Average per pupil cost systemwide.

Source: Detroit Public Schools, Facts About Detroit Schools, Detroit, Michigan, February 1, 1974, p. 9.

Table 3: Negotiated Agreements and Work Stoppages Involving Public School Teachers in the United States, 1959-71.

	Negotiated agreements[1]		Work Stoppages		
Year	Percent of Measurable districts	Percent of teachers	Number of stoppages	Number of workers involved (thousands)	Man-days idle (thousands)
1959....	n.a.	n.a.	2	0.2	0.7
1960....	n.a.	n.a.	3	5.5	5.5
1961....	n.a.	n.a.	1	*	*
1962....	n.a.	n.a.	1	20.0	20.0
1963....	n.a.	n.a.	2	2.2	2.6
1964....	n.a.	n.a.	9	14.4	30.6
1965....	n.a.	n.a.	5	1.7	7.9
1966....	25.0	41.5	30	37.3	58.5
1967....	34.8	52.2	76	92.4	969.3
1968....	43.4	58.7	88	145.0	2180.0
1969....	53.2	66.2	183	105.0	412.0
1970....	57.3	63.6	152	94.8	935.6
1971....	64.1	74.2	135	76.6	551.4

[1]The percentages are based on the number of respondents for the given year.

n.a. Not available.
*Less than 50.

Source: Robert Reischauer and Robert Hartman, Reforming School Finance (Washington, D.C.: The Brookings Institution, 1973), Table 3-3, p. 21.

Table 4: Number of Public Elementary and Secondary School Bond Elections Held, Par Value of Proposed Bond Issues, Percentage Approved, and Bond Interest Cost, in the United States, Fiscal Years 1962-71.

Fiscal Year	Number of elections	Par value of proposed bond issues millions of dollars)	Percent Approved		Net interest costs (percent)
			Number	Par value	
1962.....	1,432	1,849	72.4	68.9	3.33
1963.....	2,048	2,659	72.4	69.6	3.11
1964.....	2,071	2,672	72.5	71.1	3.25
1965.....	2,041	3,129	74.7	79.4	3.25
1966.....	1,745	3,560	72.5	74.5	3.67
1967.....	1,625	3,063	66.6	69.2	4.01
1968.....	1,750	3,740	67.6	62.5	4.57
1969.....	1,341	3,913	56.8	43.6	4.88
1970.....	1,216	3,285	53.2	49.5	6.39
1971.....	1,086	3,337	46.7	41.4	5.48

Source: Irene A. King, Bond Sales for Public School Purposes, 1970-71, U.S. Office of Education, National Center for Educational Statistics (1972); as presented in Robert Reischauer and Robert Hartman, Reforming School Finance (Washington, D.C.: Brookings Institution, 1973), Table 3-4, p. 22.

Table 5: Millage and Bond Votes in the Detroit Public School System 1949-1972.

Date	Proposition	Majority Vote
April-1949...	2.5 mills for 5 years.....	Yes
April-1953...	4.5 mills for 5 years.....	Yes
April-1957...	3.0 mills for 2 years.....	No
April-1959...	7.5 mills for 5 years.....	Yes
April-1963...	12.8 mills for 5 years & $9 million bonds.....	No
Nov.-1963....	7.5 mills for 10 years.....	Yes
Sept.-1964...	$75 million bonds.....	No
May-1966.....	2.5 mills for 5 years.....	No
Nov.-1966....	5.0 mills for 5 years.....	Yes
Nov.-1968....	10.0 mills for 5 years.....	No
May-1972.....	Renew 5.0 mills for 2 years & Add 5.0 mills for 2 years.....	No
Aug.-1972....	Restore 5.0 mills for 2 years & Add 5.0 mills for 2 years....	No
Nov.-1972....	Restore 5.0 mills for 1 year...	No
Nov.-1973....	Add 7.0 mills for 5 years to replace 1% income tax.....	Yes

Source: Detroit Public Schools, Facts about Detroit Schools, Detroit, Michigan, February 1, 1974, p. 14.

Table 6: City, County and School Property Tax Rates, City of Detroit, 1950-1973.

Year	School Tax Rate	City Tax Rate	County Tax Rate	Total School, City, County Tax Rate
1950.....	10.76	22.33	6.07	39.16
1951.....	10.76	22.28	7.00	39.13
1952.....	10.86	22.28	6.15	39.29
1953.....	10.81	22.22	6.14	39.17
1954.....	12.81	22.19	6.02	41.02
1955.....	13.90	22.17	7.40	43.47
1956.....	13.86	22.39	7.35	43.61
1957.....	14.07	24.54	7.41	46.02
1958.....	14.05	24.92	7.02	46.00
1959.....	17.38	25.26	6.82	49.46
1960.....	18.35	25.26	6.87	50.47
1961.....	18.60	25.73	7.19	51.53
1962.....	18.8	25.2	6.93	51.00
1963.....	19.26	25.21	7.14	51.61
1964.....	19.27	25.21	8.56	53.04
1965.....	18.86	23.97	8.46	51.30
1966.....	19.08	23.97	8.87	51.91
1967.....	22.13	23.97	7.13	52.23
1968.....	22.50	24.07	7.10	53.68
1969.....	22.86	24.15	7.10	54.11
1970.....	22.86	27.10	7.10	57.06
1971.....	24.02	26.59	7.11	57.71
1972.....	18.61	27.04	7.35	53.00
1973.....	27.80	30.16	7.41	65.37

Source: City of Detroit, Community Development Commission, Policies and Programs Division, Detroit, Michigan.

Table 7: Real Estate Taxes as a Percentage of Family Income, Owner-Occupied Single-Family Homes, By Income Class and by Region, 1970.

Family Income[1]	United States Total	Northeast Region	North-central Region	South Region	West Region
Less than $2,000..	16.6	30.8	18.0	8.2	22.9
$ 2,000- 2,999....	9.7	15.7	9.8	5.2	12.5
3,000- 3,999....	7.7	13.1	7.7	4.3	8.7
4,000- 4,999....	6.4	9.8	6.7	3.4	8.0
5,000- 5,999....	5.5	9.3	5.7	2.9	6.5
6,000- 6,999....	4.7	7.1	4.9	2.5	5.9
7,000- 9,999....	4.2	6.2	4.2	2.2	5.0
10,000-14,999....	3.7	5.3	3.6	2.0	4.0
15,000-24,999....	3.3	4.6	3.1	2.0	3.4
25,000 or more...	2.9	3.9	2.7	1.7	2.9
Mean Percentage All Incomes.....	4.9	6.9	5.1	2.9	5.4

[1]Census definition of income (income from all sources). Income reported was received in 1970.

Source: U.S. Bureau of the Census, Residential Finance Survey, 1970 (conducted in 1971). Data presented in John Shannon, "The Property Tax: Reform or Relief?", in George Peterson (ed.), Property Tax Reform, (Washington, D.C.: The Urban Institute, 1973), Table 1, p. 27.

Table 8: State Equalized Property Valuation in Detroit and Annual Revenue Loss and Cumulative Revenue Loss to the Detroit School District, 1960-61 through 1973-74.

Year	State Equalized Valuation	Annual School Revenue Loss	1961-1971 Cumulative Revenue Loss
1960-61...	$5,672,174,774		
1961-62...	5,507,996,411	$ 2,587,451	
1962-63...	5,285,411,561	6,095,388	$ 8,862,839
1963-64...	5,264,577,424	6,423,734	15,106,573
1964-65...	5,229,935,894	6,969,685	22,076,258
1965-66...	5,196,904,960	7,490,252	29,566,510
1966-67...	4,991,121,110	10,733,406	40,299,916
1967-68...	4,807,697,930	17,946,539	58,246,455
1968-69...	4,925,596,060	15,498,975	73,745,430
1969-70...	5,188,215,960	10,046,987	83,792,417
1970-71...	5,306,284,180	7,385,023	91,187,440
1971-72...	5,719,277,840		
1972-73...	5,770,590,140		
1973-74...	5,806,682,890[1]		

[1]Estimated.

Source: Detroit Public Schools, Facts About Detroit Schools, Detroit, Michigan, February 1, 1974, p. 3.

Table 9: Property Tax (millage) Rates, City of Detroit and Selected Surrounding Suburbs, 1968-69.

City:	Schools Only		City Only		City & School	
Detroit[1]	22.53	(19)[2]	42.64	(1)	65.17	(1)
Highland Park	29.41	(16)	29.75	(2)	59.16	(2)
Madison Heights	42.28	(2)	13.73	(13)	56.01	(3)
Oak Park	39.99	(3)	15.99	(8)	55.98	(4)
Roseville	35.20	(7)	18.99	(4)	54.19	(5)
Westland	42.71	(1)	11.07	(18)	53.78	(6)
Garden City	38.29	(4)	14.22	(12)	52.51	(7)
Inkster	32.01	(13)	18.21	(5)	50.22	(8)
Livonia	38.02	(5)	12.09	(16)	50.11	(9)
St. Clair Shores	34.58	(8)	15.14	(11)	49.72	(10)
Royal Oak	33.62	(9)	16.02	(7)	49.64	(11)
East Detroit	30.13	(15)	15.02	(10)	46.35	(12)
Warren	32.95	(10)	12.44	(15)	45.39	(13)
Lincoln Park	28.16	(17)	17.20	(6)	45.36	(14)
Southfield	35.70	(6)	9.24	(19)	44.94	(15)
Pontiac	32.17	(12)	12.50	(14)	44.67	(16)
Wyandotte	28.16	(17)	15.74	(9)	43.90	(17)
Dearborn	23.73	(18)	19.99	(3)	43.72	(18)
Allen Park	31.94	(14)	11.16	(17)	43.10	(19)
Dearborn Heights	32.53	(11)	8.85	(20)	38.28	(20)

[1]Detroit also levies a citywide personal income tax which has been translated into a millage equivalent.

[2]Rank order.

Source: State Assessed Property Division of the State Tax Commission as citied in James Guthrie, et.al., Schools and Inequality, (MIT Press, 1971), pp. 119-121.

Table 10: Relation of School District Wealth to Tax Rates, Local Revenue per pupil and Total Expenditures per pupil, for the 86 school districts in the Detroit Metropolitan Area, 1970-71 school year, in deciles.

School Districts (in deciles)	average state equalized valuation per pupil	average equalized millage rates	local revenue per pupil	total operating expenditure[1] per pupil
Poorest tenth (n=9)...	$ 9,339	35.2	$ 311	$ 756
Next tenth (n=9)...	11,803	32.1	337	772
Next tenth (n=9)...	13,152	34.3	398	766
Next tenth (n=8)...	14,730	34.4	446	797
Next tenth (n=8)...	16,034	34.4	517	803
Next tenth (n=8)...	18,063	32.4	545	865
Next tenth (n=8)...	20,581	32.1	605	869
Next tenth (n=9)...	23,994	30.8	652	917
Next tenth (n=9)...	29,433	32.4	865	1013
Richest tenth (n=9)...	47,035	24.5	1055	1085
Detroit.....	18,325	22.9	441	895

[1] total expenditures by local, state and federal governments.

Source: calculated from raw data provided in: (1) Michigan Education Association, Research Division, Michigan Public School District Data, 1970-71, East Lansing, Michigan; (2) Michigan Department of Education, Local School District Results, The Fourth Report of the 1971-72 Michigan Educational Assessment Program, Lansing, Michigan, September, 1972.

Table 11: Distribution of taxable Property and Pupil Enrollment among the 86 school districts in the Detroit metropolitan area, 1970-71 school year, in deciles.

School Districts (in deciles)	(A) Percent of total taxable property in metropolitan area located in:	(B) Percent of total public school pupils in metropolitan area enrolled in:	A/B
Poorest tenth (n=9)...	3.0 %	6.2 %	.48
Next tenth (n=9)...	4.5	7.5	.60
Next tenth (n=9)...	4.9	7.1	.69
Next tenth (n=8)...	3.7	4.8	.77
Next tenth (n=8)...	4.4	5.2	.85
Next tenth (n=8)...	34.2	39.9	.86
Next tenth (n=8)...	10.5	10.2	1.03
Next tenth (n=9)...	7.5	5.9	1.27
Next tenth (n=9)...	13.9	9.0	1.54
Richest tenth (n=9)...	13.1	4.2	3.11
Total (n=86)..	99.7 %	100.0 %	
Detroit.....	27.5 %	29.2 %	.95

Source: calculated from raw data provided in: (1) Michigan Education Association, Research Division, Michigan Public School District Data, 1970-71, East Lansing, Michigan; (2) Michigan Department of Education, Local School District Results, The Fourth Report of the 1971-72 Michigan Educational Assessment Program, Lansing, Michigan, September, 1972.

Postscript

On August 6, 1974, the Detroit school board went before the city's voters with a request for a five-mill school tax increase. Of the $28.5 million revenue request, $12 million was slated to cover the cost of inflation; the rest to pay for program improvements including reduction in class sizes and the purchase of additional textbooks.[101]

During the weeks immediately preceding the millage election, a concerted campaign was waged to gain voter approval. Contract negotiations between the Detroit Board of Education and the DFT had all but come to a stand still during the summer. Increasingly bitter threats passed back and forth and each side began making preparations for another strike. However, in an exercise of political muscle, representatives of business and labor managed to press a one-year compromise settlement upon the contending parties postponing the impending strike for at least another year. An important factor underlying this compromise was the feeling among school and union officials alike that an early contract settlement would help convince voters to approve the tax increase.[102]

At the same time, the Mayor of Detroit, Coleman Young, co-headed a millage renewal committee and actively campaigned for the school tax increase. Michigan's Governor Milliken forwarded letters to major Detroit newspapers outlining the savings to Detroit residents entailed in the state's new school finance reform package and urged passage of the millage request.

The request for the education tax increase was defeated by 57.5 percent of the vote in the August 6 election. The millage defeat threatens to undo the precariously balanced budget put together

Postscript cont.

by the Detroit school system during the past year. The school district must cut about $12 million from existing school programs. In addition the Board is expected to seek another millage vote as early as November and will ask for additional assistance from the state legislature.[103]

Footnotes

101. William Grant, "Voters Give Boost to Special Education", Detroit Free Press, August 8, 1974.

102. William Grant, "Detroit Teachers OK Pact; No Strike", Detroit Free Press, August 6, 1974; William Grant, "How Power Play Won School Pact," Detroit Free Press, August 6, 1974.

103. William Grant, "Voters Give Boost to Special Education", Detroit Free Press, August 8, 1974.